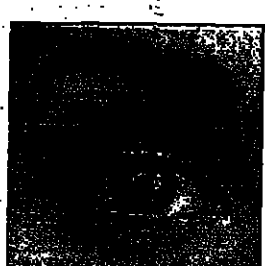


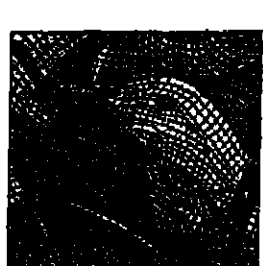
Where is peace?
'To defend yourself, you mistreat people. It is very damaging for Israeli society'



Eye-tech
'The surgeon with a laser promises spectacle or lens wearers release from drudgery and expense'



Kenzo comeback
'Say it with Flowers is his maxim: audacious treatment of flora and fauna his trademark'



Germaine Greer
'If we are what we eat then I have long since become an Essex vegetable'

FT

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Kohl praises Blair's European debut

By Lionel Barber, Gordon Cramb, and Robert Peston in Noordwijk

Mr Helmut Kohl, the German chancellor, last night said agreement on reforming the European Union was within reach, thanks to the new business-like approach adopted by the British government under Mr Tony Blair.

As Mr Blair made his pitch for a leading role in the EU at his first European summit, Mr Kohl said: "It is very clear that Britain wants to co-operate, and to exert influence and authority."

The UK would not "put itself in a *cui de sac*", he added.

Yesterday's one-day summit in the Dutch coastal town of Noordwijk marked the final lap in marathon negotiations to streamline EU institutions and decision-making, ready for enlargement to central and eastern Europe around the turn of the century.

The EU leaders tackled head-on the contentious questions of the future size of the European Commission and the balance of voting power between large and small countries. Mr Kohl proposed that the topic of

German chancellor says Britain's new approach will hasten reform

the number of commissioners should be put aside, to be reviewed after the Union expands to 20 states from 15. Although no formal decisions were taken, Mr Kohl confidently predicted: "There will be a (new) treaty in Amsterdam next month."

Mr Hans van Mierlo, foreign minister of current EU president the Netherlands, said: "I think in most areas we will achieve break-through when the prime minister (Mr Wim Kok) and I travel around Europe next week and the week after."

Mr Blair criticised what he perceived as the EU's failure to tackle unemployment and respond to the concerns of ordinary people, using language surprisingly similar to his Tory predecessor Mr John Major. "I want people to realise that if Europe is to have support among the people of Europe then it has to be focused on the things that matter to them," he said at a press briefing.

Looking slightly strained after his first taste of round-table poker among European premiers, he said he would "not be enthralled" if asked to stay on for another day of negotiations. He set out his agenda for reform, based on extension of the single market to cover energy, financial services and aviation, and removal of barriers to flexible labour markets.

To the disappointment of social-democratic governments in Scandinavia, which would expect to see the Labour leader as a natural

opponent, he said the UK would oppose any new measures introduced through the social chapter which damaged competitiveness. France's President Jacques Chirac said Mr Blair was the only leader to show lack of enthusiasm for the "European social model", although Mr Chirac conceded that it needed an overhaul.

Mr Chirac said the EU would renew an inquiry into whether to impose tariffs on unbleached cotton exported by several Asian nations. At an informal summit of EU leaders, Mr Chirac said "a new anti-dumping inquiry will now be opened". In mid-May, most EU governments voted against imposing tariffs on cotton exported by India, Indonesia, Pakistan, Turkey, China and Egypt.

Kabila's coalition attempts rejected by opposition

By Michele Wrong in Kinshasa

Mr Laurent Kabila's attempts to form a broad-based coalition in the Democratic Republic of Congo, formerly Zaire, suffered a setback yesterday when Mr Etienne Tshisekedi, main opposition leader, refused to recognise his new government and called on the public to resist it.

In a press conference at his suburban home, Mr Tshisekedi rejected the 13-member government list announced by the Alliance of Democratic Forces for the Liberation of Congo for failing to acknowledge his long-standing claim to be the country's rightful prime minister.

But, while calling on the population to resist the government "with its last breath", he stopped short of ordering street action by his supporters, appealing instead to "his brother" Mr Kabila to meet for talks.

Later in the day, about 1,000 opposition supporters staged a march through Kinshasa to protest against the government announcement. The demonstration, briefly interrupted when an alliance fighter fired into the air, was the first sign of public hostility to the forces that seized Kinshasa over the weekend.

Meanwhile, the leader they ousted, President Mobutu Sese Seko, continued his search for a safe haven, flying from Togo to Morocco. Mr Mobutu is suffering from prostate cancer.

Excluded Tshisekedi, Page 8

Election campaign fails to follow Jakarta government's plan despite music and festivities

Indonesian voters depart from script

By Manuela Saragosa in Jakarta

"We will wipe out poverty!" President Suharto's second son, Mr Bambang Trihatmodjo, yelled from a makeshift stage near Jakarta's stock exchange last week.

In most countries such a promise would be the prelude to a lengthy speech on the party's manifesto - but in Indonesia Suharto's Golkar party, which has held power for 26 years, is certain to win next Thursday's parliamentary elections.

So Mr Bambang quickly yielded the stage to Indonesia's most popular folk singer Rhoma Irama, a purveyor of *dangdut* - a hybrid of Malay percussion and country and western lyrics. "Golkar sayang, aha aha," he crooned along with other

dangdut stars. "Golkar, my sweetheart."

Mr Bambang's wife Halimah also made an appearance. "Look," she told the crowd, pointing to a camera. "You're all on RCTI television!"

"OK!" the audience roared back, mimicking the advertisement for the television station, controlled by Mr Bambang's company. "Long live Golkar!"

Golkar officials describe the election campaign as a *persta demokrasi*, or democratic celebration. So they have enlisted the country's most popular singers for key election rallies. sent the president's daughter off to campaign alongside a popular Islamic leader and, startlingly, encouraged tribal leaders in the eastern-most provinces of Irian Jaya

to swap their brown *koteka* traditional penis sheaths - for ones sporting a shiny shade of yellow, the party's official colour.

The campaign, after all, is about pop and parties, not policy. The results are a foregone conclusion: Golkar officials calculated as far back as last year that they would win precisely 70.02 per cent of the vote on polling day.

The problem for the authorities, who have rigidly controlled the campaign and the activities of the two minority parties also allowed to stand, is that many of Indonesia's disillusioned voters see things differently.

Thousands of them have departed from the script in the past month, taking to the streets in the worst rioting ever seen during a national election campaign.



Golkar party supporters, certain of victory on Thursday, applaud during an election meeting in Jakarta

There would appear to be little other option, as even the official opposition parties seem to have adopted Golkar's carnival approach to the campaign.

Supporters of the United Development party, complaining of the meagre coverage the party was getting

on television, have fashioned cardboard boxes to look like TV cameras, attaching karaoke microphones and staging mock interviews.

Meanwhile, the Indonesian Democratic party (PDI), under new government-backed leadership after its popular head Mrs Megawati

Sukarnoputri was removed because she threatened to be a successful vote-puller, attracted embarrassingly few supporters to its rallies.

Officials tried to address the situation by copying Golkar and bringing *dangdut* singers onstage. But the

move backfired. In the central Javanese town of Semarang a frustrated PDI campaigner shouted angrily at the crowd: "Did you come here to listen to the party's programme or to see *dangdut*?"

"To see *dangdut*!" the crowd yelled back.

News General

Netanyahu 'makes offer'

Israel offered to freeze temporarily the controversial Har Homa housing project being built on captured Arab land in Jerusalem, Israeli television reported. The attempt to end the stalemate in the Middle East talks was said to have been made by prime minister Benjamin Netanyahu at a meeting with an adviser to Egyptian president Hosni Mubarak. No place like home, Weekend FT Page 1

Confusion in France: France's confusing parliamentary election campaign is set to become even more confusing after tomorrow's first round vote. Those of the 35m electorate who bother to vote are likely to spread their ballots unusually widely among the record number of candidates. The task for the mainstream parties of trying to woo stray voters back in time for the June 1 run-off will inject a note of frenzy into what has so far been a lacklustre campaign. Page 6

Minister in a hurry: In a matter of days the UK's new chancellor, Gordon Brown, has driven his officials to distraction and the governor of the Bank of England to the verge of resignation. By handing control of interest rates to the Bank, restructuring financial regulation and calling on independent auditors to inspect the government's books, he has done more to change British economic management in three weeks than most chancellors ever manage. Page 7

Sex, lies and the US military: The story of bomber pilot Lt Kelly Flinn, forced out of the US Air Force after being charged with adultery, fraternisation, lying, disobeying an order and conduct unbecoming an officer, is not merely titillating. It has provoked a serious debate about whether the US military's experiment in gender integration has failed. Page 8

South Africa

Economic empowerment

The transfer of white-owned assets to blacks resembles a politically correct version of the leveraged buy-outs that swept through western economies during the 1980s.

The New Randlords, Page 7

News Business

Norilsk loses \$572m

Norilsk Nickel, Russia's biggest metals group, reported a consolidated loss for 1996 of 3,290bn roubles (\$572m). It said it was showing signs of bankruptcy and needed radical action within six months. The warning highlights the difficulties facing large Russian enterprises as they struggle to cope with the economic confusion caused by the collapse of communism. Page 24

Tiger fund may have been hit: Tiger, thought to be the world's second-largest hedge fund with about \$8bn in investment assets, may have suffered severe damage from the recent surge in the Japanese stock market. Jaguar, a Tiger fund with investable assets of about \$5.7bn, has been heavily selling Japanese stocks. Page 24

Australian shares surge: Australian share prices surged to record levels - and the currency plunged - after a surprise move by the country's reserve bank to lower interest rates. The bank cut the cash rate to 5.5 per cent from 6 per cent. Page 4; Currencies, Page 9; World stocks, Page 20

Wall Street relieved at Fed's decision on rates: Wall Street rallied after a week in which investors were relieved by the decision of the Federal Reserve not to raise interest rates. The Dow Jones Industrial Average was 39.98 points ahead at 7,298.11 at 1pm in New York. The Dow's strength helped 10 European bourses, including Amsterdam and Frankfurt, to record highs. World stocks, Page 20

Currency crisis - Czech style

The plight of the koruna dominates conversation from the dinner table to the factory floor and has led every news bulletin in the past few days. The word "koris" has been banned by prime minister Václav Klaus, but the word "devaluation" simply won't go away.

Currency scramble, Page 2

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Slovakia S\$1000	Taiwan NT\$1000	Turkey Lira 1000
Slovenia Tolar 1000	Turkey Lira 1000	USA \$1000
Spain Ptas 1000	USA \$1000	UK £1000
Sweden Krona 1000	UK £1000	Yugoslavia Dinar 1000

NEWS: EUROPE

EU partners puzzle over Blair

By Lionel Barber and Robert Peston in Noordwijk

Mr Tony Blair placed himself astutely in yesterday's "family photograph" of European Union leaders in the breezy sunshine of the Dutch coast - close to the centre, without muscling in on the territory occupied by France's President Jacques Chirac and Germany's Chancellor Helmut Kohl.

The lingering question at Mr Blair's inaugural summit is whether his promise of a fresh start for the UK and Europe is any more realistic than that of his predecessor, Mr John Major, seven years ago in Rome, after the down-

fall of Baroness Thatcher. Superficially, the parallels between prime ministers Blair and Major are uncanny. Both declare they want to build an EU closer to its citizens. Both hold forth about flexible labour markets. Both are wary about the EU's encroachment into social policy. The difference, as Mr Blair's aides trumpeted yesterday, is that he commands the biggest parliamentary majority this century, while Mr Major pursued a policy of "impo-

otence and defeatism" forced on him by his narrow majority and the Conservative party's civil war over Europe. Mr Blair has also ditched

Mr Major's all-or-nothing approach, which pushed the Tory leader into impossible corners in the "beef war", reform of the Common Fisheries Policy, and implementation of the 48-hour working week. Mr Blair's key word is "constructive".

When he met European Commission President Jacques Santer, the prime minister made an important concession on the issue of Spanish fishermen in British waters. He would not stall the intergovernmental conference on the EU's future while there were signs of a reasonable deal in prospect. He was much firmer on the need to contain new EU-wide

laws on social and employment policy. As Mr Blair explained to Mr Santer, there is "nervousness" among British businessmen - whom New Labour has courted assiduously - that the Social Chapter will undermine hard-won competitiveness. Mr Santer replied that such fears were groundless: there is no avalanche of new proposals on employment policy ready to burst out of Brussels.

There is however potential for conflict. The Commission views legislation on part-time workers as inevitable. More measures are expected on worker consultation and to extend the scope of the

48-hour working week to other classes of employee. These are seen in Europe as minimum social standards. Christian Democrats such as Prime Minister Jean-Claude Juncker of Luxembourg are therefore faintly shocked to see a Labour government so wedded to a business agenda.

Mr Blair is adamant that Britain will retain national controls over its borders, supported by watertight guarantees in the Maastricht 2 treaty. EU leaders are likely to concede, crossing their fingers, that they have found a British leader they can do business with. Editorial comment, Page 6

Czechs join currency scramble

By Vincent Boland in Prague

Speculation on the fate of the Czech koruna spread from the trading floor to the street yesterday as ordinary Czechs took the opportunity to do some currency hedging for themselves.

Although foreign exchange markets were calmer after Thursday's spectacular assault on the koruna, banks reported hectic activity among private account holders seeking to switch their money to hard currencies. Some posted notices apologising that western currencies, especially the US dollar and D-Mark, were not available.

Longer-than-usual queues could be seen in some of the main bank branches along Na Příkopě, Prague's thriving commercial and financial hub, but activity fell off in the afternoon as people left for their country cottages for the weekend.

The central bank has spent an estimated \$2bn in the past 10 days defending the koruna against speculation in foreign exchange markets. Investors believe the currency must fall to reflect the worsening situation in the economy and political deadlock in the government.

"There has been a clear trend of people converting korunas into dollar and mark accounts since this morning," said Mr Karel Jelek, spokesman for Zivnostenská Banka. "I've heard that some banks have no foreign currency and some banks have no korunas. We are one of the few banks operating normally."

Bureaux de change, as common on the streets of Prague as pubs, and normally charging steep commissions to change tourists' foreign currencies to korunas, also reported unusually heavy buying of foreign currency by locals.

"I'm sorry, we don't have any foreign currency," said a cashier at a Chequepoint booth on Wenceslas Square, shaking his head gravely. "I have exactly 200 Austrian schillings."

What was going on? "There is a little chaos on the koruna just now," the cashier explained. "Many people are buying foreign currency, especially Czech people." They were expecting a devaluation, he continued.

When? "Who knows? This weekend? Monday? Soon, anyway."

However, the central bank said it was not worried about developments outside the foreign exchange markets. Mr Martin Svehla, spokesman for the Czech National Bank, said: "It appears to be related to holidays or travel. Because of the uncertainty, people are buying their currency now."

INTERNATIONAL NEWS DIGEST
Turmoil as Slovaks vote

The commission running Slovakia's referendum on direct elections for the presidency accused the government yesterday of falsifying ballot papers to prevent it from going ahead.

Two days of voting in this referendum - and in another one on whether Slovakia should apply to join Nato - began in turmoil. Some polling stations had no ballot papers, while others had the papers with the question on the presidency omitted.

The prime minister, Mr Vladimir Mečiar, who opposes direct elections and is a political enemy of President Michal Kováč, who supports them, failed to get the vote blocked legally. But differing interpretations of a constitutional court verdict on its validity persuaded his interior minister to distribute the ballot papers with the presidency question missing.

Yesterday the electoral commission said that only ballot papers that included that question would be valid, and the entire exercise may yet be declared invalid if less than half the electorate turns out. Vincent Boland, Prague

EU concern at US air merger

The European Commission's competition concerns over the proposed merger between aircraft makers Boeing and McDonnell Douglas extend beyond their market share in passenger airlines to the merger's impact on defence deals, it emerged yesterday.

As well as concerns that the group would control 70 per cent of airliner sales, to 84 per cent of the total client base, EU officials are concerned about 30-year exclusive contracts held by Boeing with American Airlines and Delta Air Lines. They allege "secret" clauses in these contracts provide for almost automatic extension to 25 years.

The EU is also worried the group would become a "power house" in military aircraft. McDonnell Douglas has 56 per cent of the fighter market. A merged group could offer powerful "compensation packages" to buyers of military aircraft by offering local industry in purchasing countries deals to supply equipment for Boeing civilian aircraft. Neil Buckley, Brussels

Belarus, Russia sign accord

The presidents of Belarus and Russia yesterday signed an agreement in Moscow committing them to closer co-operation, but both sides appear to have backed away from earlier plans to create a full union. The precise details have not yet been published but they are believed to focus on a common customs regime and more closely co-ordinated foreign and military policies.

Mr Alexander Lukashenko, president of Belarus, said the charter established *de jure* what had already been accomplished *de facto* and had not moved the countries further forward towards integration. But he argued that the process of greater economic co-operation would inevitably lead to a deepening of political ties and the creation of a union which would attract other countries such as Ukraine and Kazakhstan. John Thornhill, Moscow

Chubais angered over budget

Mr Anatoly Chubais, Russia's first deputy prime minister and finance minister, sharply criticised parliament yesterday for shirking its responsibilities by postponing a vote on the government's planned spending cuts. "Generally there is no will to take a decision," Mr Chubais fumed, after being kept waiting a second day to make his case to parliament.

The government will press ahead with its plans to cut Rbl108,000bn (\$18.7bn) from its spending targets but still wants parliament to approve an "honest" budget. MPs have postponed discussions about the sequestration bill until at least June 4.

Mr Igor Sergeyev, head of Russia's strategic rocket forces, was yesterday confirmed as Russia's defence minister after Thursday's abrupt dismissal of Mr Igor Rodionov. But in an extraordinary development, Gen Victor Chechevator, commander of the far eastern military district, refused to take over as head of general staff after being nominated for the post. Gen Anatoly Kvashnin will assume the role. John Thornhill, Moscow

US presses China over arms

Mrs Madeleine Albright, US secretary of state, said yesterday Washington was putting strong pressure on the Beijing government, as well as specific individuals and companies, over sales to Iran of chemical weapons components. However, she defended Washington's decision this week to impose penalties on two Chinese companies - one in Nanjing and one in Hong Kong - and five Chinese citizens, without holding the Beijing leadership directly responsible.

"We have made our views very clear to the (Chinese) government about... various proliferation issues," said Mrs Albright, whose administration has been accused by Republicans of softness over Chinese arms exports. "We discuss these subjects at all times with the Chinese... and they have, in fact, in certain areas changed their behaviour," she told a news conference.

The administration faces an uphill battle to secure Congressional approval of the renewal of China's Most Favoured Nation (MFN) status as a time when concern is mounting over human rights, Hong Kong, Tibet and arms proliferation. Bruce Clark, Washington

Canadian housing starts soar

Builders in Canada are expected to start work on 21 per cent more homes this year than last, encouraged by the country's strengthening economy, particularly in Ontario and Alberta. The Canada Mortgage and Housing Corporation (CMHC) expects housing starts to rise from 124,713 to 150,800 this year and increasing by a further 5.6 per cent next year to 159,200.

Mr Michael Laurence, senior economist with CMHC, said house building was benefiting from record sales of existing homes, low mortgage carrying costs, low inventories held by house builders and rising general employment. Housing starts in Alberta were expected to rise by 32 per cent to 22,000 this year, boosted by the strength of the state's resources and manufacturing economy. Housing starts in Ontario were forecast to rise by 34 per cent to 38,000. Andrew Taylor, London

Environment dispute brews

Plans by Germany to seek Group of Seven support this weekend for a controversial new World Environment Organisation have sparked fierce criticism from environmental experts. The plan will be raised at a meeting of advisers planning next month's G7 summit in Denver, Colorado.

The new body, also backed by Mr Maurice Strong, special adviser on United Nations reform to the secretary general, would act as a "catalyst for, and co-ordinate international co-operation and policy-making in the field of environment". The Nairobi-based United Nations Environment Programme (Unep), which is already supposed to be fulfilling such a role, would be kept on as "a pillar" of the new organisation. The plan risks reigniting African nations' fears that the west is plotting to take away the only UN agency based in Africa. This could derail work under way to reform Unep and distract attention from more important issues at next month's UN General Assembly special session on the environment.

Critics of the plan accuse Mr Helmut Kohl, German chancellor, of pursuing the idea to fill office space that will be vacant in Bonn when the German capital moves to Berlin. Leyla Boulton, Environment Correspondent

VAT emerges as French election issue

By Andrew Jack in Paris

France's ruling centre-right coalition would open negotiations with the European Commission to reduce value-added tax on some activities the day after the general elections if voted back into office, a senior minister said yesterday.

Mr Jean Arthuis, econom-

ics and finance minister, said he wanted to cut the VAT rate applicable to those involved in neighbourhood businesses, in an effort to reduce the size of the black economy.

His comments came after the opposition Socialist party proposed a reduction in VAT on a number of services as part of its efforts to

boost the economy through increased consumer spending.

In a final round of election meetings ahead of the first round of voting tomorrow, Mr Lionel Jospin, leader of the Socialists, called for all those who wanted to vote the existing government out of office to vote for his party and

"above all" not to abstain.

Mr Alain Juppé, the centre-right prime minister, in his final rally in Lyons, stressed that the government was ready to take a new direction after "undoing the damage" he claimed had been caused during the Socialist period in power between 1981 and 1993. He and fellow senior politi-

ticians from the RPR and UDF coalition emphasised the themes of safety in inner cities and a tougher approach on illegal immigration, in an effort seen by many to reclaim ground exploited by the extreme rightwing National Front.

After tomorrow's first round of voting, the decisive run-off voting is on June 1.

Euro-scepticism lifts Séguin hopes



FRENCH ELECTIONS

Mr Philippe Séguin is on a roll. France's best-known Euro-sceptic evidently feels President Jacques Chirac is coming round to his way of thinking. At a buoyant end-of-campaign rally at Epinal, his base in eastern France, Mr Séguin departs from his text: "No one can doubt that Jacques Chirac associates Europe clearly with jobs."

says the man who wants to rewrite the statutes of the future European central bank to include a commitment to good conditions for job creation. "He used the word 'job' five times in his last declaration."

Behind the podium, scores of young cheerleaders sport T-shirts bearing the slogan "à deux Chirac/Séguin". Not for the first time in his long career, Mr Séguin, 54, is being widely spoken of as a potential prime minister.

What has led to this confusing position? Mr Chirac has overseen a concerted push to ensure France complies with the convergence criteria of the Maastricht treaty, in spite of low growth and post-war record unemployment. Now he is thought by some to be considering as his right-hand man an individual who led the No campaign in the country's 1992 referendum on the treaty.

Simply stated, the current policy has proved highly unpopular, being widely blamed for France's economic malaise and stagnant living standards. While the French establishment remains firmly behind the European project, the mood on the streets is much more wary.

Mr Lionel Jospin, the Socialist leader, appears to have sensed this, edging his once staunchly pro-European party towards a cautiously Euro-sceptic stance. But the general mood might be thought to chime even better with Mr Séguin's



Séguin: "The treaty of Maastricht remains a very bad treaty"

quoted tirelessly in recent weeks. He insists his views on Maastricht have not changed. "The treaty of Maastricht remains a very bad treaty," he says. "First because it completely ignores jobs and because it proposes no solution to the problem of Europe's democratic deficit."

He is particularly scathing about the convergence criteria, arguing that restricting public deficits to 3 per cent of gross domestic product is not particularly virtuous in a period of strong economic development, but amounts to "massochism" in times of stagnation.

Like Mr Jospin, he would not implement a new package of austerity measures to ensure France hits this year's 3 per cent target, although he is proud enough to point out that "it is not me who thinks like Mr Jospin, it is Mr Jospin who thinks like me".

He also insists decision-makers must "renounce all temptation" to exclude Italy - "where everything began in 1957" with the Treaty of Rome - from the single currency. As in so much of his thinking, the reason for this boils down to jobs - the French jobs he fears would be destroyed by the *de facto* devaluation of the lira if Italy is left out.

He wants the statutes of the future European Central Bank to be reformed to include a commitment to providing good conditions for job creation - "or at least to have a political authority" to act as a counterweight to the bank.

Whether such a programme would be well received by the markets, or the inflation-wary Germans, is, to say the least, doubtful. But the travails of the past two years have turned France, at least temporarily, into a more Euro-sceptic nation at grass-roots level. Mr Séguin may yet be among the chief beneficiaries of this change in attitudes. French elections, Page 6

David Owen

Bonn revaluation seen as 'creative accounting'

By Peter Norman in Bonn

Europe's economic and monetary union will start life with the image of a soft currency area if Germany goes ahead with its plan to meet the criteria through a revaluation of its gold and currency reserves, an influential politician warned yesterday.

Mr Norbert Wierczorek, chairman of the Bundestag European affairs committee and an opposition Social Democrat financial expert,

said it would be practically impossible for Germany to stop any EU country joining the single currency, with the exception of Greece.

In a letter to SPD Bundestag members, he said both Mr Giovanni Ravasio, the EU commission's director-general for monetary affairs, and Eurostat, the EU statistical service, had judged the German plan to be "extremely problematical".

The plan, outlined last week by Mr Theo Waigel, the German finance minister, as

a way of bringing the public deficit below the Maastricht treaty's limit of 3 per cent of gross domestic product this year, amounted to "creative accounting". It robbed Bonn of the ability to oppose such measures in other countries, Mr Wierczorek said.

His remarks reflected growing disquiet in Germany and the EU over the scheme. Mr Waigel's announcement, coming shortly before the Pentecost holiday at first attracted little attention at home.

However, the influential Frankfurter Allgemeine Zeitung yesterday warned that the government was about to break its promise of holding to an especially strict interpretation of the Maastricht stability criteria for itself and other countries.

"Those who sit in glass houses cannot throw stones," the newspaper warned. Mr Waigel's "way to the euro will have confirmed the worst fears of many" who wish to keep the D-Mark, it added.

The Free Democratic party (FDP) yesterday added to discomfort within the ruling coalition in Bonn over the country's mounting budget difficulties by hardening its opposition to any tax increases, Ralph Atkins writes from Wiesbaden.

In a declaration expected to be approved today at the junior coalition party's conference in Wiesbaden, FDP leaders signalled opposition to any rise in value-added tax, other indirect taxes or in income tax. The leader-

ship called instead for "clear reductions" and for an accelerated privatisation programme, including the early sale of the government's remaining shares in Deutsche Telekom.

But Mr Wolfgang Gerhardt, FDP leader, emphasised the party's interest in remaining in coalition with Chancellor Helmut Kohl's alliance of the Christian Democratic Union and Christian Social Union - at least until federal elections in autumn 1998.

Reform test for Ukrainian deputy PM

By Chrystia Freeland in Kiev

Mr Serhii Thiipko, the Ukrainian deputy prime minister responsible for economic reforms, has pushed through a package of measures aimed at liberalising the agricultural sector.

In an interview, the former commercial banker also pledged to streamline the country's bloated central government apparatus, introducing radical changes within the next month.

Mr Thiipko's bold initiatives have been cautiously welcomed by western economists and business leaders, who said they would wait to see what practical effect the reforms had before delivering a final verdict.

A series of corruption scandals and foreign investment deals gone sour have undermined the Ukrainian government's credibility and mean Mr Thiipko has an uphill battle to convince observers he is serious about his promised changes.

Mr Thiipko said the government had already pushed through a number of decisions aimed at revitalising the crucial agricultural sector.

They include a commitment to cut the state grain order from 5.8m tonnes to 3m tonnes, an important step towards bringing market incentives to farmers.

More crucially, he said the government had committed itself to permit free export of grain when the crop is harvested this autumn.

The second measure is aimed at reassuring western investors that the government will not repeat last year's fiasco, when it temporarily blocked the export of grain which foreign companies were expecting to ship out in exchange for providing agricultural inputs at the beginning of the season.

Mr Thiipko vowed to push ahead with an overhaul of Ukraine's central government, which is still structured along Soviet-era lines, when sectoral ministries were responsible



Thiipko: free grain exports

for running the economy. He said a far-reaching administrative reform, which was being discussed this week at a World Bank seminar in Kiev,

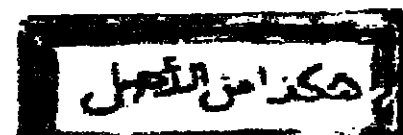
would cut the number of ministers in half and reduce the cabinet staff by 25 per cent.

Mr Viktor Yushchenko, chairman of the National Bank, whose successful introduction of a stable currency is one of the few bright spots in the Ukrainian economy, strongly supported the administrative reform drive, saying it was a vital step in making the government able to carry through its reform promises.

"The problem is serious, the existing structure is ineffective," Mr Yushchenko said in an interview.

Mr Anders Aslund, a senior associate at the Carnegie Endowment in Washington and a close student of Ukrainian and Russian economic reforms, said Mr Thiipko's promises were an encouraging sign.

"Thiipko is the great new hope on the scene. He is very determined, he is clearly well organised and he is saying the right things, but as yet it is difficult to judge his political strength," said Mr Aslund.



West sets date for bribery law

By Guy de Jonquieres

OCDE Leading industrialised countries have agreed to outlaw by the end of next year corporate bribery of foreign government officials and to seek an international treaty aimed at stamping out business corruption.

The agreement, which would make corporate kickbacks a criminal offence, will be endorsed by ministers of the 28-member Organisation for Economic Co-operation and Development at a two-day meeting in Paris, starting Monday. The planned ban is a victory for a lengthy diplomatic campaign by the US, the only country to have criminalised corporate bribery. The US says other governments' failure to impose similar curbs on their exporters has enabled them unfairly to win public contracts in developing countries.

As well as committing all OECD members to put in place effective anti-bribery laws, the agreement calls for an end to the tax-deductibility of bribes, firm action against fraud and stricter accounting and auditing disciplines on companies.

OECD members have also agreed to press in the World Trade Organisation for rules requiring increased transparency in government procurement.

They aim to negotiate by the end of this year a draft international treaty banning bribery, which will be submitted to OECD ministers in April, along with members' proposed legislation. They will then seek parliamentary approval of the legislation and the treaty by the end of next year.

The accord was reached yesterday evening, after

OECD members accepted a last-minute compromise, designed to bridge differences over its legal form.

France, Germany and several other countries had said they would only agree to a ban if it was formulated as a treaty which imposed identical obligations on every OECD member and took effect once all of them had ratified it. However, the US feared a treaty would take too long to come into effect and insisted governments should instead pass broadly comparable national laws.

Although all OECD members accepted the compromise, it could face difficulties if they cannot agree a draft treaty by the end of the year. It was unclear yesterday whether, in that event, all of them would be ready to press ahead with national legislation. Australia, Belgium, Japan and Norway have recently said they plan to criminalise corporate bribery, and the European Commission proposed recently that all EU member states should do likewise.

About six OECD countries have general anti-corruption laws on their statute books, although not all enforce them vigorously. About half the members prohibit the tax-deductibility of bribes.

Several non-OECD members, including Argentina and Chile, have expressed interest in participating in yesterday's agreement, while Brazil is considering subscribing to some of the organisation's existing anti-corruption disciplines.

The ministers will also discuss next week an OECD study, which forecasts that more aggressive and systematic economic deregulation could increase their countries' gross domestic product by between 3 per cent and 6 per cent in 10 years. The study says Germany and Japan would gain most from accelerated reform.

Little sympathy as obstinate veteran Congo opposition leader is sidelined by new regime

Excluded Tshisekedi overplays his hand

By Michela Wrong in Kinshasa

There was something familiar about the event in the dusty courtyard of Kinshasa's Limete suburb.

Seated in the shade, the stocky head of the country's main opposition party referred disparagingly to the "so-called" government, told cheering supporters he would not recognise it, and insisted he remained the nation's legitimate prime minister. Only this time, Mr Etienne Tshisekedi, leader of the Union for Progress and Social Democracy (UDPS), was not talking about President Mobutu Sese Seko, his political foe during nearly two decades.

His defiance was hurled at the Alliance of Democratic Forces for the Liberation of Congo (AFDL), the move-

ment that seized control is what is now the Democratic Republic of Congo - formerly Zaïre - in last week-end's rebel takeover.

His anger was triggered by the announcement, made in the early hours, that his name did not feature among the 13 new members of the transitional government due to lead the country to its first democratic elections for three decades.

Split almost evenly between members of the AFDL's guerrilla cabinet and representatives of Kinshasa's opposition and civic society, the list catered for a presidential system of governance, making no provision for the premier's post. Mr Tshisekedi has for years regarded as rightfully his.

Adding insult to injury, three former close Tshisekedi allies had joined the

AFDL camp and the general expectation was that the final list of around 20 positions would include a fair sprinkling of UDPS members.

His disappointment is shared not only by Kinshasa's working classes, who revere the 64-year-old for a career of resistance to Mr Mobutu. Western governments had for weeks been drumming the need to embrace Mr Tshisekedi in an "inclusive" government into the AFDL.

Nonetheless, diplomats in the capital were yesterday inclined to lay the finger of blame on the opposition leader himself. His wrangling over arrangements for a meeting with Mr Kabila, and his demand for the right to name the cabinet, had made a deal impossible, they said.

"The alliance did everything, but everything, to include Mr Tshisekedi. If he is not in the government, the UDPS's obstinate behaviour is to blame," said one ambassador. "For us, this is an inclusive government. If Tshisekedi is not in it, that is his problem."

Mr Tshisekedi's appeal to Mr Laurent Kabila for talks suggests a small window of opportunity remains open. Local newspapers were yesterday speculating the AFDL hoped to persuade him to accept the post of vice-president.

But if that fails, the question is whether Mr Tshisekedi - always an expert in passive resistance rather than direct confrontation - can still mobilise the kind of mass support that could threaten the AFDL's hold on power.

Yesterday, the signs did not appear to point in that direction. Outside his home only around 100 supporters gathered to listen to his speech. An anti-AFDL march through the centre, watched by some of the Tutsi soldiers who seem so out of place in Kinshasa, attracted about 1,000 supporters.

Despite holding a special place in the public's heart, analysts say, Mr Tshisekedi's standing has been damaged by the growing awareness that a policy of non-violent resistance has produced few results.

We recognise what Tshisekedi achieved in weakening Mobutu's dictatorship over the years," said a shop owner yesterday. "But if Kabila hadn't come along in 30 years time Mobutu would still be here and we would still be holding pointless

general strikes."

In the short-term, the AFDL's position is probably secure. The marginalised Mr Tshisekedi will continue to claim the premiership, staging regular meetings of his fictional "cabinet", and calling the old one-day strike.

But in the long-term, the AFDL may sustain deeper wounds. Its sidelining of Mr Tshisekedi has convinced many residents, already suspicious of what many regard as a Rwandan-backed occupation force, that one dictatorship has simply replaced another.

Browbeaten and submissive, the population has stored up decades of resentment. They may not be willing to stand and fight, but their co-operation with the new regime may now be compromised by a deep layer of cynicism.



An Islamic clergyman seals a ballot box yesterday. A conservative and a moderate are neck-and-neck for the presidency

CLOSE CONTEST IN IRANIAN ELECTION

Iranians voted yesterday for a successor to President Akbar Hashemi Rafsanjani in one of the sharpest political battles between conservatives and moderates since the 1979 Islamic revolution.

After a fiercely fought campaign and talk of fears of vote-rigging, the result looked likely to be a close contest between two middle-level Shia Muslim clergymen, Mr Mohammad Khatami and Mr Ali Akbar Nateq-Nouri.

Mr Khatami, a moderate former culture minister popular with women, youths and intellectuals, was expected to sweep Tehran and some other major cities.

Mr Nateq-Nouri, conservative speaker of parliament who enjoys the backing of important groups of Iran's conservative clergy and merchants, is stronger in rural areas. Analysts gave the two other candidates, Mr Mohammad Mohammadi Reyschahi and Mr Reza Zavarei, no chance of winning.

Revolutionary Iran's enmity towards the US, a recurrent theme during the election campaign, was reiterated in calls yesterday for all those eligible to use their vote.

"If one candidate shows the slightest tolerance to America and the Western countries' interference and cultural onslaught the people will not vote for him," supreme leader Ayatollah Ali Khamenei said in remarks broadcast by Tehran radio.

"They will vote for someone who can stand against America and those who want to impose their will on our nation."

Mr Nateq-Nouri said that, if elected, he would not change Iran's policy towards the US and European Union.

Tehran has had no diplomatic relations with Washington since 1980 and its ties with the EU are severely strained over a German court verdict implicating top Iranian leaders in political killings in Berlin.

Army gender battle comes to a head

Patti Waldmeir on how Lt Kelly Flinn revived debate over integration in the US armed forces

Sex, lies and nuclear weapons: the perfect mix for a military soap opera.

But the story of Lt Kelly Flinn - forced out of the US Air Force after being charged with adultery, fraternisation, lying, disobeying an order and conduct unbecoming an officer - is not just titillating. It has provoked a serious debate about whether the US military's experiment in gender integration has failed.

When Lt Flinn became America's first female B-52 bomber pilot, it was the culmination of a generation-old experiment in integration. But then she found true love with the husband of an enlisted air-woman, and landed in the middle of the soap opera: her lover lied to her, she lied to her superiors and disobeyed them when they told her to sever links with him, and soon the Air Force brass were denouncing her in Congress. They wanted a court-martial, while Lt Flinn fought for an honourable discharge. On Thursday night, the two sides announced a compromise: Lt Flinn will get a "general" discharge, a middle ground between dishonour and vindication.

The case of the poster-pilot has come midstream in a flood of scandals involving the US military, including multiple rapes at the Aberdeen Army training facility in Maryland and the charge that the army's top enlisted man is guilty of sexual harassment. Taken together with last year's Supreme Court decision forcing the all-male Virginia Military Institute to admit women, they have reopened all sorts of painful questions about the role of females in the military.

Conservatives question whether the 1973 decision to integrate women in the military (they previously served in separate units) has led to a crisis of morale, of morals, and of military might. There is no turning back from that decision - not only because the prevailing politics of sex-



Kelly Flinn: compromise over discharge

ual equality demand it, but because the military cannot fill its ranks with men alone (women are now 14 per cent of the service). But the costs and benefits of integration are being judged anew.

The question of equality is central to the scandal over Lt Flinn: she, and her many supporters in Congress, believe she has been victimised because of her sex. No adulterous man would have been hounded as she was, they say.

The Air Force counters that the real issue is not sex, but "lack of integrity and disobedience to order". As Gen Ronald Fogleman, air force chief of staff, told the Senate Armed Services Committee: "This is an issue about an officer entrusted to fly nuclear weapons who lied. That's what this is about."

Prof Charles Moskos, military sociologist at Northwestern University in Chicago, says sexual misconduct is inevitable in a gender-integrated military. He believes that sex integration is likely to prove much more difficult than achieving equality by race. Most analysts would agree that racial integration has proved very successful, and that the US military is probably the most racially harmonious institution in American society.

But some question whether sexually-mixed units can achieve the cohesiveness so central to mili-

tary discipline: can soldiers bond across the sex barrier, in a situation where cohesion is a life-and-death matter? Can a strong "group ethos" be built between the genders? And, even more basically, are women strong enough to serve in combat units? They are set a lower standard for physical testing - fewer push-ups, lighter weights - and in the navy, the legendary boot-camp "obstacle course" was renamed a "confidence course" to sound less daunting.

Mr Larry Korb, formerly assistant secretary of defence in charge of manpower, denies that cohesion is a problem: "the closer you come to combat, the less gender differences matter," he says. Gender integration is still a work in progress, he believes (women have only been flying aircraft and manning warships for five years, and infantry and artillery units remain all-male).

Mr Korb believes there is no trade-off necessary between military might and sexual equality: both are achievable, in the same force. But in any case, Americans have already made the choice to pursue both simultaneously. Sex scandals may force an alteration in methods; but the goal will not change.

Additional reporting by Heather Bourneau

Patti Waldmeir

Brazil to refinance São Paulo state debt

By Geoff Dyer in Brasilia

The Brazilian government is to refinance R\$50.4bn (US\$47.2bn) of debt held by the state of São Paulo in a deal that is likely to lead to the privatisation of Banesp, the heavily indebted state bank.

Mr Pedro Malan, finance minister, said the deal involved imposing a tough fiscal regime on São Paulo, the most economically powerful state in Brazil, which includes spending cuts and restrictions on debt issues.

Mr Malan also said that the government was close to agreeing refinancing terms with the state government of Rio de Janeiro and that the tender documents for the privatisation of Banesp, the Rio state bank, could be published next week.

Brazil's state governments have faced a severe fiscal crisis over the last two years due to excessive borrowing - often using the state banks and some of it politically motivated - and due to economic stabilisation, which has exposed huge debts that were hidden in the years of hyper-inflation.

Mr Malan said that the federal government had now signed refinancing deals with 17 of the 27 states in Brazil.

Under the terms of the São Paulo deal, 20 per cent of the debt, about R\$10bn, will be retired from the privatisation proceeds of assets owned by the state of São Paulo, including its electric power sector and railway network.

The São Paulo government has also transferred a majority stake in Banesp to the federal government, which it has the option to buy back for about R\$30bn. Mr Malan said it was "highly unlikely" that it would have the resources to repurchase Banesp, which would leave the government free to privatise the bank.

However, analysts think it could be difficult to find a buyer for Banesp because any attempt to reduce its overstaffing would be politically controversial.

EMU: The single currency explained in a single guide.

The FT Guide to preparing for EMU: Wednesday, May 28.

From the profound implications EMU will have within the major European economies to an in-depth analysis of how companies of all sizes will be affected, the FT Guide has all the answers.

FINANCIAL TIMES
No FT, no comment.

NEWS: INTERNATIONAL

Oilmen struggle to become good jungle citizens

New exploration in Venezuela produces bottomless barrel of problems as critics voice fears over fishing and hunting grounds

A big challenge for oil companies the world over is to work in harmony with a country's unique environment and people - especially as critics extend their watchful eye to remotest parts of the globe.

In Venezuela, such harmony has existed for decades, as much of the oil has come from sparsely inhabited, barren lands.

But as foreign companies explore new areas with state-owned Petróleos de Venezuela (PDVSA), they are discovering a bottomless barrel of problems.

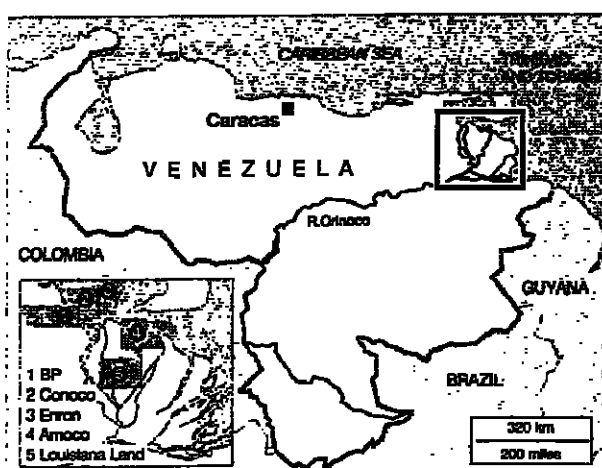
Searching for oil in the Orinoco River's delta, companies have come under fire from native Indians, congressmen, and local and foreign pressure groups.

Much of the spotlight has fallen on British Petroleum, the sole company at present producing in the delta.

BP's oil rigs at the mouth of the Pedernales estuary stick out like a sore thumb in the tropical marsh, where rare black-headed parakeets fly and river dolphins frolic.

In addition, five consortiums, led by Conoco, Amoco, Louisiana Land Exploration and Enron as well as BP, are prospecting the delta's oil reserves in a profit-sharing pact with PDVSA's subsidiary CVP.

In their zeal to crank up production, critics say, PDVSA and its partners failed to recognise on time



the delta's complexity.

"We were caught off guard. We weren't really sure of what we were getting into," said an executive of one of the oil companies.

The main oversight was the natives. "Neither the Warao [Indians] nor any other residents of the area were consulted or considered before the oil companies moved in," says Mr Jesús Jiménez, national congressman for Delta Amacuro province.

The natives fear above all that their fishing and hunting grounds may be affected, says Mrs Catalina Herrera, a leader of the Warao.

Mr Luis Padrón, an environment ministry official, admits "we made a mistake the first time around. Perhaps we didn't consider

them [the natives] to the extent we should have."

After 18 months of production, the environment around the Pedernales field has not suffered any apparent, lasting impact. Despite helicopters and barges, and detonations during seismic testing, fishing and eco-tourism - two of the main activities in the area - continue undiminished.

Strict environmental regulations and costly technology are to guarantee survival of the delta's flora and fauna. Aiding its inhabitants will be harder.

The nearly \$1m that BP paid the town of Pedernales in oil revenues for 1996 so far has brought no visible benefit for the community. Its water treatment and power generation plant, and

the "malaria clinic" donated by Louisiana Land, do work - at least for now.

Corruption and lack of democratic organisations make it difficult to channel aid. The province of the Delta and the town of Pedernales, a stone's throw from BP's oil rigs, were founded only a few years ago.

Social aid is not part of any oil company's contractual obligation, though all of them recognise the need for it to achieve harmonious co-existence.

The delta is an impoverished area and few locals are hired by oil companies because of poor training and because unions keep them out. Public services, such as health or education, are non-existent.

The oil companies are moving into a type of no-man's-land where neither the Venezuelan state nor its military has any presence. Drug trafficking is rampant.

The biggest challenge, says Mr Ramón Sosa of BP, Venezuela, is "not to become the state" in the delta but to foster development without creating the dependency that has stifled development initiatives elsewhere.

In an attempt to make up lost ground and defuse growing protests, PDVSA and its partners are taking crash courses in anthropology, rural development and environmental protection.

In March, they launched a

study of the region so as to draw up a comprehensive development plan.

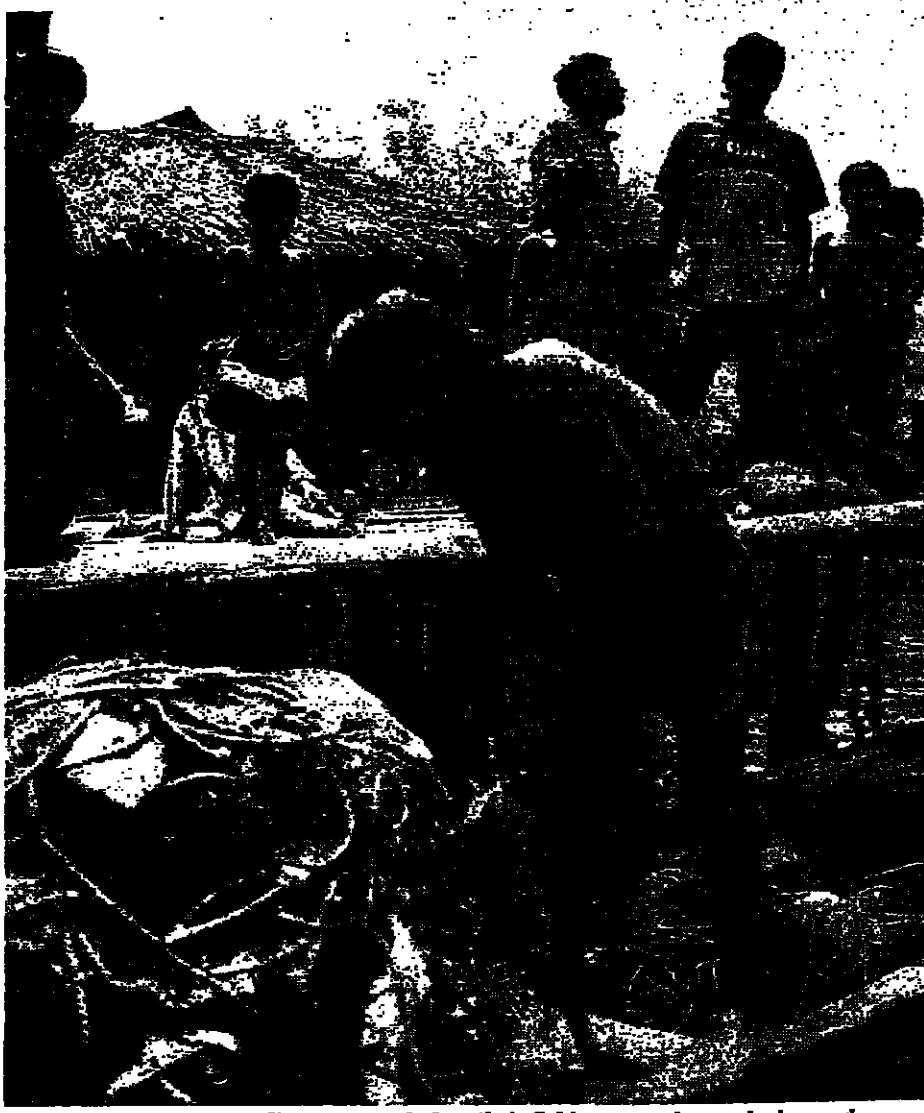
Even as good corporate citizens in the jungle, oil companies occasionally step on the toes of their neighbours. Mr Wilbert Wilson, one of several English-speaking Warao, has no title to his land. He recalls how workers of an oil company flew in by helicopter and began constructing a base camp on his yucca and corn field. Receiving no compensation, he moved up-river to build up his homestead from scratch.

There are also unwanted social impacts. Prostitution, alcoholism and drug abuse, though pre-dating oil companies, are on the rise. Some Warao women claim to have been raped.

Mrs Gladys Morales, regional health director, expects venereal and other diseases to increase in the area as a result of the presence of oil workers.

If oil proves abundant, production could last 20 years. With the government's weak enforcement abilities, sceptics fear, the series of smaller problems could add up. Mr Padrón of the environment ministry says his department periodically inspects oil companies but ultimately relies on their goodwill and on the vigilance of the natives.

Raymond Collett



Oil on troubled waters: Indigenous people fear their fishing grounds may be harmed

Australian shares surge on rates cut

By Nikki Tait in Sydney

Australian share prices surged to record levels yesterday and the currency plunged, after a surprise move by the Reserve Bank of Australia, the central monetary authority, to lower official interest rates.

The bank made its move as markets opened, cutting the cash rate to 5.5 per cent from 6 per cent. It was the first time the bank had moved on interest rates this year, although it reduced rates three times in the latter half of 1996, from a peak of 7.5 per cent.

The bank noted underlying inflation had been running at a rate of about 2 per cent over the past year, and said it expected the figure to fall further in coming months. Employment growth was "still subdued" and, although economic growth was likely to strengthen in 1997, this did not "seem likely to put upward pressure on inflation in the next year or two".

"Inflation forecast to fall below 2 per cent and economic activity providing scope for further expansion amount to a *prima facie* case for an easing," the bank said. It added that there were now signs of "sufficient moderation" in wage inflation to permit the cut.

Few private sector economists had expected the move, although some hopes were raised on Thursday when revised earnings data suggested that wage inflation was slowing.

The bank's decision "must have been a finely balanced one, and suggests a considerable degree of influence from the treasurer, and hence the government, fuelled by a soft labour market and current moderate patch in activity," said Ms Su-Lin Ong, economist at Hambros Australia.

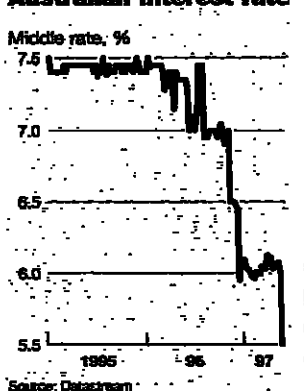
There has been evidence of growing political concern over the economy's uneven performance recently. Although Australia posted a 3.1 per cent growth rate in

1996, it was expanding at little more than 2 per cent a year in the latter half of the year. Activity has picked up since then, but most businessmen still describe conditions as "patchy". Unemployment also remains high at about 8.7 per cent.

Earlier this month, the federal government outlined a budget which was less rigorous on the fiscal front than most analysts had expected, although it still planned to move Australia to an underlying budget surplus by 1998-99.

Business groups immediately welcomed the interest rate cut, with the Australian

Australian interest rate



Chamber of Commerce and Industry describing it as "long overdue". The four big banks also moved quickly to lower mortgage rates.

But the sharpest reaction came on the currency market, where the Australian dollar closed at 76.79 US cents, down by 1.49 US cents from Thursday's close.

Bond prices rallied, with the yield on 10-year bonds closing at 7.54 per cent, compared with 7.66 per cent previously. The Sydney Futures Exchange had its busiest day ever, with over 300,000 contracts being traded.

Share prices moved higher, notably in the banking and insurance sectors. The All-Ordinaries Index ended 16 points higher, at a record 2,563.9.

Currencies, Page 9; World Stock Markets, Page 21

Judy Dempsey on the struggle for land ownership between Arab and Jew

Scramble for 'facts on the ground'

The small plot of land in Baka, one of west Jerusalem's increasingly fashionable districts, seems nothing special.

The local cats regularly inspect the dustbins on the edge of the plot. Residents use the quarter acre of land as a car park.

But for Israeli property dealers, an empty plot in a potentially prime location is not to be scoffed at. Estate agents say it is suitable for developing high-class apartment blocks where monthly rents could exceed \$2,700.

The only problem is that the land is owned by a Palestinian family. And if the family sold the plot to a Jew, they could face the death penalty, condoned earlier this week by Mr Yasser Arafat, the Palestinian leader.

The owners left Jerusalem

several decades ago, moving to South America. The assiduous local Jewish real estate agents tracked them down, and offered to buy the land.

The Palestinians refused the many offers. The land remains in their hands, unless the Israeli government confiscates it.

The lengths to which the Israelis have gone to try to buy this small piece of property demonstrates the importance of the issue at the heart of the deadlocked peace talks: land.

The Israeli government is determined to try to change "the facts on the ground" before the final status talks begin. "It will strengthen our negotiating position," a government official says.

Those talks are essentially about land and statehood - borders, Jerusalem, Jewish

settlements, the right or not of Palestinian refugees to return to land confiscated by the Israelis.

And because land involves ownership claims, as well as bargaining chips, the Palestinian Authority is determined to stop its own people from selling Palestinian property to Jews.

To prevent the "Judaisation" of east Jerusalem - which the Palestinians want as their capital - it recently revived a Jordanian law which carries a death sentence on any Palestinian/Arab who sells land to Jews. Two Palestinian property dealers have already been killed, allegedly by the Palestinian security services.

But this draconian measure could well backfire, as land might well be sold through middlemen. It could

lead to a scarcity of sellable property, and rising prices. Some Palestinians in the diaspora may well be tempted to sell, again through intermediaries, in order to cash in on higher prices as they become disillusioned with Mr Arafat's authoritarian style and the stalled peace process.

The Palestinian Authority is also trying to buy land in Israel through Israeli Arabs. Again, this is already playing into the hands of the Israel Lands Authority (ILA), the government agency which owns 90 per cent of land in Israel. The ILA recently opposed proposals that it sell some of its land in order to widen private ownership and that would reduce its ability to expropriate land - much of it from Israeli Arabs, but also from Jews.

The Jewish National Fund (JNF) is even more obsessive about who should own land in Israel. Founded in 1904, its aim was to buy land from Arabs. Later, it amended its charter to state that Jewish land could never be resold non-Jews. In response to recent Palestinian moves to try to buy land in Israel, the JNF said it would do more to prevent this happening.

"The Israelis hold all the cards," a senior Palestinian official said. "They have the land, the money, the power, the force, to do almost anything. How can we respond?" So far, the Palestinian owner of the plot in Baka has responded - by not selling. No doubt, the property developers will not give up. No place like home, Weekend Section, Page 1

India's processed food market offers huge growth potential, says report

By Mark Nicholson in New Delhi

India's market for processed foods will treble to \$62bn by 2005, providing "one of the largest opportunities in India today", according to a report by McKinsey & Co, the consultants.

Fastest growth will be in "basic" foods such as poultry, wheat and milk as incomes rise and millions more Indians shift towards a higher-protein diet, the report says. It says poultry alone will be an \$8.3bn business growing at 15 per cent a year by 2005 - bigger than the Indian motor industry today.

The 178-page report, launched jointly with the Confederation of Indian Industry, assesses the likely growth of India's food processing industry along with the policy changes, investment and corporate strategies required to meet rising and changing patterns of food consumption.

McKinsey argues in particular that Indian food processing companies should shift from a focus on "elite" value-added items, such as breakfast cereals, jams and sauces, towards mass market products, such as biscuits, wheat flour, poultry and milk.

It estimates the "premium" sector of high-quality and more "exotic"



A farmer in Rajasthan delivers milk to a co-operative. Some 20 per cent of Indian food production is wasted in distribution

foods will grow by 150 per cent by 2005, but this will amount to only an additional 2.5m households. By contrast the "basic" sector will double in size to 33m households, or 200m people.

But the report argues growth will follow only an integrated strategy - for both companies and government - aimed at simplifying the inefficient "food chain" between farmers and consumers. It says 20 per cent of India's food production is wasted because of the many intermediaries and poor handling and transport. The long chain also cuts farmers'

income while raising consumer food prices.

"To be able to capitalise on the huge potential of the Indian food sector, especially that of mass-based high-volume foods, will require large scale and integration," the report says. It puts at \$40bn the investment needed to improve infrastructure, enhance agricultural output and simplify the food chain by 2005, saying only "large integrated players" would therefore reap the potential market.

At the same time, the report says the Indian government should cut to

international levels its "exceptionally high" direct taxes on foodstuffs and excise duties on food processing capital equipment.

It also urges a review of India's "fossilised" and numerous laws relating to food, many of which were drafted soon after independence 50 years ago.

Though India is the world's third largest food producer, its processing industry is small-scale and atomised - the combined turnover of its 10 biggest food companies is just \$2bn, a tenth of Nestlé's European operations.

But McKinsey said international comparisons suggest the industry could eventually be dominated by big local players. It estimates that by 2005 at least 10 Indian food companies will have emerged with turnover exceeding \$540m.

The report also said the recent advent of fast food chains such as McDonald's, Kentucky Fried Chicken and Pizza Hut in India will act as an important catalyst in forging direct links between the farmer and consumer, while also helping to improve India's relatively low agricultural yields.

Food and Agriculture Integrated Development Action: Modernising the Indian Food Chain. McKinsey & Company.

Vietnam to buy Russian fighters

By Jeremy Grant in Hanoi and John Thornhill in Moscow

Vietnam has agreed to buy six Su-27 jet fighters from Russia in a deal worth about \$180m, defence sources said yesterday.

The contract was signed in late January but has been kept secret while both sides finalise precise payment terms and a delivery date, which is believed imminent, they said.

Russia's arms export organisation, Rosvooruzheniye, refused to confirm it had signed a contract with Vietnam, saying all talks with potential clients were confidential.

But an official did confirm that Rosvooruzheniye maintained close ties with Vietnamese officials and was hopeful of making sales in the future.

Russia's arms industry, which benefits from cheap prices and flexible terms, has been aggressively pursuing sales opportunities abroad.

Defence analysts say Hanoi is eager to upgrade its tiny air force to boost its ability to defend claims to the Spratly islands in the South China Sea.

The islands are contested by Vietnam, China, the Philippines, Malaysia, Brunei and Taiwan and are regarded as the region's most likely flashpoint.

At present the Vietnamese air force's only aircraft with sufficient range to reach the Spratlys are six Su-27s acquired from Russia in 1995, the defence analysts say.

Tension between Vietnam and China erupted earlier this year over a Chinese oil rig drilling in disputed waters.

Moscow supplied Vietnam with the bulk of its military hardware after the war against the US ended in 1975. It continues to sell arms to Hanoi, although business is conducted directly between their defence ministries and most does not appear in two-way trade statistics.

Russia maintains a naval base with about 200 personnel at Cam Ranh bay, a deep sea port on Vietnam's south-eastern coast, originally built by the US in the 1960s.

The latest Su-27 contract is understood to involve cash payments. That indicates the Vietnamese military's recent moves into commercial ventures - prompted by state budget cuts - have started to bear fruit.

Military experts predict Russia could sell as much as \$30m worth of arms abroad this year. It recently concluded contracts with Iran, India and China. Some western officials have expressed alarm that Russia's foreign ministry has little control over arms exports and is unable to prevent sales to "rogue" states.

WTO attacks EU banana licensing arrangements

By Neil Buckley in Brussels and Agencies

The World Trade Organisation has found that the European Union's controversial banana import regime violates free trade rules on 19 counts, it emerged yesterday with publication of the WTO's final ruling.

The final report on the banana regime was sent confidentially to governments involved at the start of May, after an interim report found against

the EU regime in March.

The trade organisation backed complaints by five countries - the US, Honduras, Guatemala, Ecuador and Mexico - that the EU's preferential treatment of bananas from African, Caribbean and Pacific countries discriminated against their growers and marketing companies.

The 395-page report, which has just been made public, found the regime contravened both the General Agreement on Trade

and Services and General Agreement on Tariffs and Trade on 19 counts.

The main EU measures criticised included distribution of import licences for Latin American bananas to French and British companies, which took away a large part of the US banana distribution business.

Distribution of import licences for Latin American bananas to European banana ripening companies also took away US business, the WTO found, while licensing

requirements for imports from Latin America were more severe than for other countries.

The report also accused the EU of "discriminatory" allocation of access to the EU market. But, importantly, the report focuses on the EU licensing regime and does not target tariff preferences for Caribbean banana producing countries in the EU.

Caribbean countries say their economies face disaster if the EU regime is dismantled.

The US hailed the report as an "important precedent for all US exporters of services and agricultural goods".

Mr Alfredo Pinoargote, Ecuador's ambassador to the EU, said Ecuador, the world's largest exporter of bananas, had been "badly hurt" by the EU regime.

"I hope now that the damage done to our banana industry can be put right," he added.

The European Commission was not available for comment last night, but is

known to be considering an appeal against the WTO ruling.

Mr Franz Fischler, agriculture commissioner, told the European Parliament last week the EU firmly believed its regime was non-discriminatory. But he warned European MPs that launching an appeal risked ending up with an even more onerous judgment.

European MPs have called for a consumer boycott of Latin American bananas in favour of

Caribbean producers.

In a separate case, the European Commission has requested a WTO dispute panel to rule on the legality of Indonesia's "National Car" programme.

It says the programme, which grants favourable tax treatment to domestic and South Korean car manufacturers in an effort to develop the Indonesian car industry, includes unfair incentives to investment and discriminatory trade practices which breach WTO rules.

Labour's Mowlam rejects Edward Kennedy's appeal for a ban on contentious marches

Minister welcomes US role in N Ireland

By Bruce Clark in Washington

Ms Marjorie "Mo" Mowlam, the British government's chief Northern Ireland minister, yesterday welcomed US involvement in the region and said a US invitation to Mr Gerry Adams, president of Sinn Féin, could be useful in the event of a fresh ceasefire by the Irish Republican Army.

The US role "has been a plus and want that to continue", said Ms Mowlam. Asked if Mr Adams should be granted a US visa - an issue that has led to bitter Anglo-American rows in the past - she replied: "If there is a ceasefire, an invitation could help... but if not, I'm not so sure it would be helpful."

US officials, who are in frequent regular contact with all the Northern Irish parties, are understood to have told Ms Mowlam that they were encouraged by this week's meeting between Sinn Féin and British officials.

Elaborating on earlier calls for a ceasefire backed by "words and deeds" as a prelude for including Sinn Féin in all-party talks, Ms Mowlam warned that an indicator of republican intentions was the IRA's continued surveillance and political targeting operations.

But she avoided using the word "precondition" in relation to "punishment beatings", a practice that she described as "horribly frequent on both sides of the conflict. Ms Mowlam also made clear she would not

be able to give Irish-American politicians full satisfaction on two issues of concern to them - the forthcoming "marching season" and the fate of Ms Roisin McAliskey, the Republican prisoner being held in England.

Ms McAliskey is the daughter of Ms Bernadette McAliskey, the Northern Ireland activist and former MP.

Ms Mowlam described as unrealistic a call from Senator Edward Kennedy for a ban on parades - on the grounds that it would signal bias against pro-British unionists - and said the government had done what it could to ensure humane conditions for Ms McAliskey during her pregnancy.

She said Ms McAliskey enjoyed

visiting and exercise rights and would be given all the hospital care she needed, but that she did not qualify for a transfer from Britain to Northern Ireland under the new government's policy of moving prisoners nearer their families because her arrest was at the request of Germany, where she was wanted in connection with an IRA mortar bomb attack on a British Army base in Osnabrück last year.

It was believed in London yesterday that Ms McAliskey was about to be moved to a hospital for treatment in connection with her pregnancy after an appeal to a judge by her lawyers.

On prospects for a Northern Ireland ceasefire, senior US officials have said privately that they

are looking for a "credible" rather than a tactical ceasefire, adding that credibility will be partly determined by confidence that substantive talks will start soon.

But in contrast to the situation during the first Clinton presidency, there is little difference now between the thinking of London and Washington. Mr Tony Lake, the former national security adviser, and Ms Nancy Soderberg, his adviser, have left the administration; Unionists suspected both of Irish nationalist bias.

Mr Sandy Berger, the new national security adviser, is seen as more open-minded and willing to share the Northern Irish portfolio with other government agencies including the State Department.

Indian film set in Highlands saved by MPs

By Liam Halligan, Political Staff

After the intervention of the Leader of the House of Commons and the Scottish Office, an Indian film crew yesterday arrived in Britain to shoot a potential blockbuster romance in the Scottish Highlands.

Dayavanti Pictures, one of India's leading film-makers, had been planning for several months to film mountain scenes from "Arzoo" - a romantic thriller - in conjunction with the Highland Council's Economic Development Department.

But after being told by UK authorities in Bombay that the visa applications of 16 of the 80-strong camera crew were unlikely to succeed, the company contacted Mr Alex Salmond, leader of the Scottish National party.

"Does the Leader of the House appreciate that this matter is vital to Scotland's economy at a time when we are trying to market the country as a major film location?" Mr Salmond asked Mrs Ann Taylor in the Commons on Thursday. The Leader of the House is a cabinet member responsible for organising the business of the Commons.

In conjunction with Mr Donald Dewar, the Scottish secretary, Mrs Taylor vowed to "look into the issue" and the visas were granted. "I am delighted that the Foreign Office moved so swiftly," said Mr Salmond.

Dayavanti's film is a "three-way romance with lots of action", according to

Mr Kumar Mohan, the company's Bombay-based producer. "We were going to film in Switzerland, but since the days of the Raj, Indians think of Great Britain fondly, and this will help sales," he said. Arzoo stars Ms Madhuri Dixit, one of India's most successful Hindi-speaking actresses.

Mr Salmond said Dayavanti had already spent £150,000 (\$243,000) on accommodation and transport in Scotland, and would be filming for five weeks.

"Although this story has a happy ending, there is a more serious side," Mr Salmond said. "If Mel Gibson had wanted to film Braveheart 2 in Scotland, my intervention would not have been required."

Mr Tony Hussein, Dayavanti's representative in the UK, said: "We were thinking of calling Mr Mohammed Sarwar to help us, but then had second thoughts." Mr Sarwar, Britain's first Muslim MP, won a seat in Scotland for Labour in the general election.

Opponents of the SNP said last night that Mr Salmond's intervention was motivated by the strength of the ethnic vote in the Glasgow Govan district where Mr Sarwar faces allegations of bribing an election opponent, Mr Sarwar has denied these allegations.

If Mr Sarwar is found guilty, a by-election could be held. The SNP has won two previous by-elections in Glasgow Govan in recent years, but each time lost out to Labour in the subsequent general election.

Sinn Féin gains in local polls

Moderate nationalists accuse IRA political wing of vote-rigging

By John Murray Brown in Belfast

Sinn Féin, the political wing of the Irish Republican Army, has made sweeping gains in Northern Ireland's local elections amid accusations of vote-rigging. Its success has helped to end control by pro-British unionists in Belfast, the capital.

With his party taking more than 70 seats, Mr Gerry Adams, president of Sinn Féin, said: "We are part of a new era and change is coming; unionists should accept that with some generosity and magnanimity and with the least trauma for everyone involved."

Mr John Hume, leader of the moderate nationalist Social Democratic and Labour party, accused Sinn Féin of fraudulent use of postal votes and multiple

vote registrations, after seeing his party lose its control of its home town Londonderry to Sinn Féin. "Sinn Féin know its happening. We know it's happening and the electoral system must now be seriously investigated. This malpractice is fairly widespread and we have been aware of it for some considerable time."

Mr Pat Bradley, chief electoral officer, said: "There appears to be an orchestrated planned campaign in postal and proxy voting that has the effect of negating the democratic process." But he said it was for the British government to change the rules to try to stop it.

"We have come across abuse and in my opinion it would seem to be the activity of various agents from different sections," he said on BBC radio.

Speaking in Washington, where she is briefing US officials ahead of President Clinton's visit to London next week, Ms Marjorie "Mo" Mowlam, the Northern Ireland secretary, said: "If the chief electoral officer is saying there has been vote rigging with the postal vote then it is obviously a very important issue and the inquiry that I understand he says he wants to implement is absolutely essential."

Sinn Féin increased its vote by 4.7 percentage points to 16.9 per cent, which is likely to strengthen its claim to be admitted to the all-party talks on Northern Ireland's future which are to resume on June 3.

Sinn Féin won 13 seats in Belfast, the same number as the Ulster Unionists, the largest pro-British party. Support from the SDLP and

non-sectarian Alliance party is likely to result in the first nationalist mayor of the city. The unionists blamed the apathy and the low turnout for its loss of overall control of Fermanagh, Cookstown and Strabane.

Mr Alec Maskey, who could be the first Sinn Féin mayor of Belfast, said the result sent "a message to every player that there has to be new thinking." For a start, he would be pressing for the Irish Tricolour flag over City Hall, a grand Victorian building, alongside the Union Jack.

In 12 of 26 councils in the regions, the Ulster Unionists and the SDLP have co-operated on a form of power sharing, rotating the job between themselves but keeping out Sinn Féin and the hardline anti-republican Democratic Unionists out.



Chief Northern Ireland minister Mo Mowlam with Senator Edward Kennedy after their talks in Washington yesterday

UK NEWS DIGEST

Election warning to Conservatives

Sir Leon Brittan, vice-president of the European Commission, yesterday warned the British Conservative party not to "lurch to the right" in next month's leadership election, insisting that such a move would mean "further electoral defeat for anything up to a generation".

Sir Leon was a senior Conservative minister in the governments of the 1980s led by Mrs Margaret Thatcher. As six candidates press ahead with their bids to replace Mr John Major as Conservative leader, Sir Leon said the party needed to rebuild support by occupying the "centre ground" in British politics. He told journalists in London that Europe should no longer be an obsessive issue for the Conservatives now that the general election is over.

He made clear that by the time the next election comes around, the 1997 intergovernmental conference will have long since passed - and that any agreement reached at the Amsterdam summit next month "is unlikely to involve a radical change in the balance within the European Union or to mark a dramatic advance in European integration".

Sir Leon sharply disagreed with the recent view of Mr Michael Howard, the former home secretary and one of the leadership candidates, that the summit would be a significant step towards federalism.

Asked whether Mr Howard was right to make such a claim, Sir Leon replied: "There is no evidence to support it whatsoever."

James Blitz, London

■ BCCI COLLAPSE

Creditors will receive up to \$4.7m

Creditors of the collapsed Bank of Credit and Commerce International will receive compensation totalling up to £2.9m (\$4.6m) from Mr Abbas Gokal, the former head of the Gulf shipping group who was sentenced to 14 years in jail for his part in the BCCI fraud, a judge at the Old Bailey, London's central criminal court, ruled yesterday.

Mr Justice Buxton made a compensation order to the same amount as the confiscation order imposed on Mr Gokal at his sentencing earlier this month. "It will mean the sum paid will benefit victims of the offence through the liquidators of BCCI rather than pass into the public domain," the judge said.

Mr Christopher Morris, one of the liquidators of BCCI, said he was pleased with the ruling, but would continue to pursue Mr Gokal for assets of some £300m awarded by a civil judgment.

John Mason, London

■ CAR MANUFACTURERS

Export production up by a third

Car production for export markets jumped by nearly one-third last month to 83,195, compared with 70,935 in April the previous year, according to figures released by the Office for National Statistics.

The performance was described as "exceptionally encouraging" by the Society of Motor Manufacturers and Traders. Production for the domestic market was also higher, by 9.8 per cent, at 69,294. The commercial vehicle industry is facing tougher conditions, however. The ONS data show total commercial vehicle output in April falling 4.7 per cent, year-on-year.

John Griffiths, London

■ TELECOMMUNICATIONS

Phone 'organiser' set for launch

Cellnet, the mobile phone operator vying with Vodafone for leadership of the UK market, is set to market a range of innovative services, some involving mobile radios the size of credit cards. Cellnet is 60 per cent owned by British Telecommunications, the former state utility, and 40 per cent by Securicor.

The first in the range, expected to be launched in the autumn, is "Genie", a data service which integrates the internet with the mobile handset, delivering a stream of customised information to individuals on the move. The service can be compared to an electronic "organiser" where messages, alerts and prompts are delivered over the airwaves.

Genie will also be the name of a new Cellnet web site designed to provide news and information about a broad range of subjects.

Alan Cane, London

BUSINESSES FOR SALE

REPEAT CALL FOR TENDERS FOR THE SALE OF THE ASSETS OF "VOLOS COTTON MANUFACTURING CO SA"
ETIMKI KIPHALOU SA, Administration of the Cotton Mills of Volos, Greece, in its capacity as Liquidator of "VOLOS COTTON MANUFACTURING CO SA" a company with its registered office in Volos, Greece, the "Company", presently under special liquidation according to the provisions of Article 46a of Law 1992/1990, by virtue of Decision 106/1997 of the Larissa Court of Appeal.

announces a repeat call for tender for the sale of the assets as a single whole of the company described below:

BRIEF INFORMATION:
The Company was established in 1963 and was in operation until 1990. On 12.12.1997 it was placed under special liquidation according to the provisions of Article 46a of Law 1992/1990. Its activities included the production and marketing of glazed cotton, cotton yarns and cotton waste.

ASSETS OFFERED FOR SALE:
These include an industrial plant in Volos, located in an area of 102,589 sq.m., approximately, a section of which (10,067.5 sq.m.) has been placed in the city planning area through the relevant implementation Act has not yet been drawn up. The surface of the buildings amounts to approx. 30,636 sq.m. The plant's machinery consists of the following sections pending sale:

a. A 1946 bobbin spinning unit with a capacity of 800 KG of NEB 30 yarn per 24 hours.
b. A 1972 bobbin spinning unit with a capacity of 1500 KG of NEB 30 yarn per 24 hours.
c. A 1974 bobbin spinning unit with a capacity of 1000 KG of NEB 31 yarn per 24 hours.
d. An OPEN END (O.E.) 1948 spinning unit with a capacity of 1600 KG of NEB 30 yarn per 24 hours.
In addition, the Company's registered name, vehicles, real estate property, participation in other companies, receivables, five plots outside the Volos area and any other assets are also being offered for sale.

OFFERING MEMORANDUM - FURTHER INFORMATION:
Interested parties may obtain the Offering Memorandum in respect of the Company and its assets upon signing a Confidentiality Agreement.

TERMS AND CONDITIONS OF THE AUCTION:
1. The Auction shall take place in accordance with the provisions of article 46a of Law 1992/1990 (as supplemented by article 14 of Law 2009/1991 and subsequently amended), the terms and conditions set forth herein and the "Terms and Conditions of Sale" contained in the Offering Memorandum. Such provisions and other terms and conditions shall apply irrespective of whether they are mentioned herein or not. Subsequent to the Auction, the assets shall be sold to the highest bidder and the terms and conditions of the sale shall be those set forth in the Offering Memorandum.

2. Bidding Offer: Interested parties are hereby invited to submit bidding offers, on or before Monday, June 2nd 1997, 12.00 hours to the Volos Notary Public Mr. George Kalomiris, No. 100, 28th October St. Volos, Tel. 30-421-20364. Offers should expressly state the offered price and the desired terms of payment (in cash or instalments, remitting the number of instalments, the down payment and the proposed annual interest rate, if any). In the event of use of instalments, the bidder shall be required to deposit with the Notary Public, at the time of submission of the offer, a sum equal to the offered price, less the down payment, which shall be held in escrow until the completion of the sale. The offer shall be deemed to be accepted if the offered price is payable upon execution of the sale contract, by the amount credited shall bear on interest and if the interest rate shall be the legal rate in force from time to time. In all cases where the bidder has submitted an offer, it shall be deemed to be irrevocable and shall be subject to the terms and conditions of the sale. The offer shall be deemed to be accepted if the offered price is payable upon execution of the sale contract, by the amount credited shall bear on interest and if the interest rate shall be the legal rate in force from time to time. In all cases where the bidder has submitted an offer, it shall be deemed to be irrevocable and shall be subject to the terms and conditions of the sale. The offer shall be deemed to be accepted if the offered price is payable upon execution of the sale contract, by the amount credited shall bear on interest and if the interest rate shall be the legal rate in force from time to time. In all cases where the bidder has submitted an offer, it shall be deemed to be irrevocable and shall be subject to the terms and conditions of the sale. 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Saturday May 24 1997

Euro-strategy for Mr Blair

Mr Tony Blair cannot yet claim to be a great statesman of Europe. But everyone has to start somewhere, and a small seaside town in Holland is as good a place as any.

The UK prime minister went to the Noordwijk summit with one big advantage. Seasoned Euro-warriors such as Helmut Kohl, the German chancellor, or the French president, Jacques Chirac, might regard him as a young pup, but he may outlast them all.

Whoever wins the election in France this weekend will envy the huge majority which gives Mr Blair the prospect of a decade in power. This no doubt accounts partly for the ebullient tone which Mr Blair adopted this week.

Obviously if you are new to the pack, you should not start scrapping with the leaders until you have sniffed out some allies. But Britain's Labour government, it must be hoped, is playing a longer game than this. It needs not only to regain a position of influence among its European allies, but also to bring about a change in British public opinion.

The magnitude of the latter task was shown by Mr Blair's parting words as he set off to Noordwijk. He would not, he said, agree to anything which was against Britain's interests. Well, of course not. That is what prime ministers are for. But in France or Germany, they do not put it quite so indelicately. Mr Blair's language is still too close to that of the Conservative Eurosceptic Mr Michael Howard who said of the EU in a recent pamphlet: "We participate only to the extent that our national interests are advanced."

Common purpose

Mr Blair, by contrast, believes that Britain must be seen to take a leading part in the debate about Europe's future. And if it appears that Britain really can shape the destiny of the union, UK public opinion may slowly swing back behind the vision of a common purpose leading to common prosperity.

Until such a shift in public opinion takes place, Mr Blair's task is to manage the relationship between Britain and its neighbours in a way which reflects the differences of approach to the question of further integration. No doubt there will be strong arguments to come before the intergovernmental conference in Amsterdam.

dam, such as on the extension of the community flat to cross-border crime and immigration. Contentious as they are, none of these issues needs to push Britain back into a position of complete isolation, 14 to one.

And apart from the new political start promised by the Blair government, there is another reason why Britain's voice should be heard with increasing respect. The thing which matters most to most people in Europe are jobs, pay and inflation. And on economic management, Britain has been doing well.

Better performance

After the fifth year of recovery, UK unemployment is still falling more rapidly than most people expected and is about half that in France, where it is stuck at 3.3m. The German economy, although gradually pulling itself out of recession, will still suffer worsening unemployment for most of this year. Its unemployment rate of 11.2 per cent compares with less than 6 per cent in the UK. Moreover, recent improvements to the UK's government borrowing figures make a sharp contrast with the difficulties which France and Germany are having in managing their numbers to qualify for membership of European monetary union.

It would be silly to trade such statistics in a spirit of triumph, since they are partly explained by differing phases of the economic cycle. However, the UK's improved performance also reflects the big strides which have been made in recent years towards de-regulation, more flexible labour markets and controlling welfare costs. The Geneva-based World Economic Forum this week put the UK as the seventh most competitive economy in the world, ahead of all other EU countries and well above France and Germany.

Such calculations are a bit arbitrary. Even so, the British economy is certainly much improved in relative terms. Moreover the reforms which brought this about accord entirely with the principles which - despite backsliding by some continental corporatists - are those on which the European common market was based: free trade, competition and open markets.

Mr Blair has persuaded his party that these principles mark the road towards a more just and more prosperous society. This would surely be a good place for him to start agreeing with the rest of Europe.

Same tune sung on Europe

David Buchan reports on the parliamentary election campaign in France, where the odds seem tilted towards the centre-right

France's confusing parliamentary election campaign is set to become even more confusing after tomorrow's first round vote. Those of the 38m electorate who bother to vote are likely to spread their ballots unusually widely among the record number of candidates.

The task for the mainstream parties of trying to woo stray voters back in time for the June 1 run-off election will inject a note of frenzy into what has so far been a lacklustre campaign.

Mr Alain Juppé, the Gaullist prime minister, has already cautioned his potential supporters to remember the second round, and not to yield to the temptation on Sunday to "let off steam" in a way that would boost the left.

Mr Lionel Jospin, the Socialist leader, is hoping for precisely such an emotional outburst. Mr Jospin, who knows his party can only improve on its disastrous result in the 1993 election, closed his campaign yesterday by telling people to vote "what is in your heart".

Conducted largely in the press and on the airwaves, the campaign has lacked a climactic television debate between the chief protagonists. From the far right, Mr Jean-Marie Le Pen, the National Front leader, will noisily try to play arbiter between the left and right between the two ballots.

Mr Juppé and Mr Jospin are both worried about the dispersal of their vote in the first round, which is a kind of primary winnowing out of candidates for the final run-off for the 577 National Assembly seats.

The unpopular Mr Juppé is clearly bracing himself for a big protest vote tomorrow against his two-year record in government and stubbornly high unemployment.

However, the odds are still that the centre-right will retain power, but with a sharply reduced majority. It seems simply too soon for the pendulum that tilted so far to the right in 1993 to swing back so completely to the other side. Incumbent deputies generally have an advantage, especially under the French system which allows them to be a local mayor as well.

In addition, the coalition between the Gaullist RPR and centre-right UDF is fighting in tighter formation, with a common programme and joint candidates in 90 per cent of seats, than the looser electoral alliance between the Socialists and Communists, the latter led by Mr Robert Hue. These two parties are competing against each other in all but five seats in the first round, though their support will largely coalesce in the second round.

President Jacques Chirac nevertheless feels the contest to be too close for comfort. This week the Gaullist president warned the



Faces of the French election: (clockwise from top left) Alain Juppé (wearing a baker's hat at a bread exhibition last week), Lionel Jospin, Jean-Marie Le Pen, Jacques Chirac and Robert Hue

electorate against forcing him to "cohabit" with a leftwing government.

The conventional wisdom in France is that an executive split between a president of one political colour and a government of the opposite political hue is bad. But the Fifth Republic, which gives presidents seven-year terms and parliaments five-year terms, makes such a division of power occasionally inevitable.

The evidence from the 1986-88 and 1993-95 cohabitations is that the French people do not mind this kind of power-sharing.

Timing his intervention just before a working dinner with Chancellor Helmut Kohl, Mr Chirac said: "France can only defend its interests if it is capable of speaking with a single voice."

In fact, the campaign has shown that on Europe in general and on economic and monetary union in particular, the country's three biggest parties - the Socialists, the RPR and UDF - are beginning to sing the same tune.

The campaign has not really turned into a "yes" or "no" referendum on the euro, though the fringe parties which are solidly against the Maastricht treaty - from the National Front and the

Independent Right of Mr Philippe de Villiers to the Citizens Movement on the left - still hope that it will.

Inside the main formations, Mr Charles Pasqua, the Eurosceptic Gaullist, has proved something of a sheep in wolf's clothing: he still hopes Mr Chirac will one day call a referendum on the euro, but for this campaign is toeing the government line.

Among the Communists, the leadership, if not the rank and file, has very reluctantly but still perceptibly shifted from a position of "no" to the euro to one of "maybe, on the right conditions". This shift has come in response to pressure from its larger election ally, the Socialists.

It is the Socialists that have shaped the campaign debate. They have laid down "conditions" that European governments must exercise some political influence over the planned European central bank to promote growth and jobs, to determine the future euro's international value, and that EMU should include bigger Mediterranean countries from the start.

From across the political divide, an identical message on the euro has been coming from

Mr Philippe Séguin, the Gaullist who presided over the just-dissolved National Assembly. Mr Séguin led, with Mr Pasqua, the 1992 referendum fight against Maastricht, but unlike Mr Pasqua now accepts the euro on conditions which, for all his ritual diatribes against the left on other grounds, now match those of the Socialists.

In turn, others in the centre-right - including Mr Juppé - have been making the same points about the euro as Mr Séguin, who is becoming once again a serious contender for prime minister.

None of this is surprising. The French have always wanted European governments to act as political counterweight to an independent European Central Bank - but have not been able to negotiate this with the Germans. The real divide among mainstream French politicians in this regard is between those who, like the Socialists and Mr Séguin, have not tried to negotiate their demands directly with Mr Theo Waigel, Germany's veteran hard-line finance minister, and those who, like President Chirac and Mr Juppé, have tried, and largely failed.

Whichever political constellation comes to power on June 1, Paris is likely to have another go at moulding the institutions of European monetary union more to French taste. If it fails, then at the very least a new French administration will probably increase its pressure to see a Frenchman named next year as the first president of the European Central Bank.

The other underlying issue in the campaign is France's capacity, as distinct from its desire, to join EMU. This turns on the outcome of the sprawling campaign debate over public spending and taxing, reform of the welfare system and the role of the state in job creation.

If, as seems on balance probable, the centre-right returns to power, it will scarcely be able to claim a mandate to impose fresh austerity. This would be necessary if France looks like seriously overshooting the Maastricht requirement to bring this year's overall public deficit down to 3 per cent of national output.

Mr Juppé has mouthed Mr Chirac's slogan of a "new élan" - and evidently meant it in terms of privatisation, certain reforms to central and local government and simplification of life for small businesses. But he has carefully refrained from suggesting he would speed up the cuts in taxes, spending and in civil service numbers already being made. Neither he nor any successor of his on the centre-right would find it politically easy to push harder on the reform accelerator after June 1.

Significantly, Mr Juppé was quick yesterday to correct his coalition ally, Mr François Léotard, the UDF leader who suggested that a new rightwing government would seek to abolish the special pension privileges of public sector workers. Mr Juppé, whose last attempt at this reform provoked widespread strikes in autumn 1995, immediately said he planned no such "new reform".

Showing equal caution in the opposite direction, the Socialists have edged away from immediate implementation of all their money-spending or revenue-losing campaign pledges.

While maintaining their commitment to a big programme to create over two years 700,000 youth jobs, half of them in the public sector, they now suggest that cuts in indirect taxes, increases in public pay and reduction in working time might have to be staggered. If they were to win, they say their first move would be an audit of the country's public finances.

A leftwing victory does not seem in sight. But in this unexpectedly tight contest, the Socialists are wise to be taking precautions against the off-chance they may succeed.

LETTERS TO THE EDITOR

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Beneficiaries with a right to interest

From Mr Jan Erik Paulsen.

Sir, I find it strange that in the debate in the UK on late payment, a number of respected business organisations have stated that legislation will work to the detriment of small businesses. This is ill-informed speculation. The logical approach is to see how the market has reacted in countries that already have late payment legislation. These countries mostly have much better payment habits than the UK and small companies suffer less than their British counterparts.

Are Germany, Austria, Denmark, Sweden, Norway and Finland so different that what works well there will not work in the UK? I think not.

It is claimed that small businesses will not want to charge interest on overdue debts so as not to offend dominant buyers. But surely it is better they have the right to do so if they wish. Some say small businesses would be worse off if everybody paid interest on delayed payments, but as they are owed double what they owe others, they will clearly be net beneficiaries.

I hope the government ignores all this useless speculation and gets on with introducing a measure that will help smaller companies enormously.

Jan Erik Paulsen, head of public affairs, Intrum Justitia, World Trade Centre, Strawinskylaan 1013, NL-1077XX Amsterdam, The Netherlands

US/EU cannot always be at the top table in Asia

From Ms Deedee Dawson.

Sir, James Kyng's article "China to be invited to Asean summit" (May 21) read like the kind of headache any host/hostess is faced with when trying to organise the seating plan for a dinner party. Whom to invite and where to place them?

With the inclusion of China, Japan and South Korea, it is hardly surprising the US and the EU will no longer find themselves at the top of the table, a privilege they have enjoyed for quite some time now. However, what is alarming is that they should consider opposing such an

event on the basis of not agreeing with the guest list. As with China, Asean, by wishing to include Burma, is only a variation on a theme: inclusion being the best form of containment.

Perhaps it is worth pointing out to those in Washington and the EU that no longer being guest of honour does not necessarily make any future invitation worthless; rather it is much better than no invitation at all.

Deedee Dawson, 1 Clarendon Avenue, Molesey Park, New Malden, Surrey, UK

Missed out on A&L free shares

From Mr Kevin Cunningham.

Sir, Like many others, I find myself "missed" as to my entitlement to "free" shares when the Alliance & Leicester Building Society converted to a bank ("Windfalls: complaints beyond watchdog's jurisdiction", May 5). Despite having invested with A&L for many years I find that I am ineligible for "free" shares as

a result of my temporary residence in the US. What responsibilities do building societies have for informing investors of their eligibility for such - much publicised - offers? Who is safeguarding the rights of the investor?

Kevin Cunningham, 50 Prince Street, NYC 10012, US

Perhaps in need of a little enlightenment

From Ms Karen Craft.

Sir, Ross Tieman writes ("Guinness meeting a smooth affair" May 16), that "Many shareholders seemed more preoccupied with mundane issues [like]... Why were there no women on the board?" While it is most edifying to be granted a glimpse into the prejudices of the FT's news desk, one can only hope that the new

board of GMG takes a more enlightened view.

Think about the brand portfolio which will be controlled by GMG - and the core target audience for most? Women. Examine changing patterns of employment and the workforce ideally poised to meet most employers' needs? Women. There might even be chief executives - perhaps Mar-

A literary source for garlic butter

From Ms Vanessa Edwards.

Sir, Garlic butter straight from the cow has an impeccable literary past as well as a possible commercial future ("Designer dairy foods straight from the cow", May 10/11).

There is a scene in *Tess of the d'Urbervilles* in which, following a complaint by a dairy's customer that a batch of butter "had a twang", the "twang" was identified as garlic and all the dairy hands (including Tess and Angel Clare) searched the relevant meadow for the "noxious weed".

Hardy recounts that it was "a most tedious business, not more than half a dozen shoots of garlic being discoverable in the whole field; yet such was the herb's pungency that probably one bite of it by one cow had been sufficient to season the whole dairy's produce for the day".

Vanessa Edwards, Avenue Pasteur 30, Limpertsberg, L-2310 Luxembourg

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Man in the News • Gordon Brown

Minister in a hurry

Robert Chote on the UK's new chancellor of the exchequer

In a matter of days Mr Gordon Brown, the UK's new chancellor of the exchequer, has driven several of his officials to distraction and the governor of the Bank of England to the verge of resignation.

By handing control of interest rates to the Bank, fundamentally restructuring financial regulation and calling on independent auditors to inspect the government's books, he has done more to change British economic management in three weeks than most chancellors during their whole term of office.

Former occupants of Number 11 Downing Street are amazed at the pace of events. Lord Jenkins of Hillhead says he "cannot think of any precedent for a chancellor who had begun his tenure by acting so decisively". Mr Kenneth Clarke, Mr Brown's immediate predecessor, is less impressed. "In rushing into these things," he told the House of Commons, "this government is showing all the signs of an inexperienced man and women being intoxicated with their new power. They are like 19-year-olds in the saloon bar, trying out every bottle on the shelf."

Mr Brown is without doubt a man in a hurry. No sooner had he been applauded into the Treasury's headquarters on the day after Labour's election victory than he confronted officials with his plan to give the Bank immediate operational responsibility for the setting of base rates. This week's decision to

take responsibility for banking supervision away from the Bank came as a similar surprise. The chancellor presented his plan to Mr Eddie George, the governor of the Bank, as a fait accompli at the Treasury on Monday afternoon, sending him into a mood that colleagues described as "volcanic".

Born in 1951 and educated at Kirkcaldy High School, Scotland, Mr Brown early on demonstrated an eye for the main chance in securing the rectorship of Edinburgh University, where he studied. After stints as an academic and working for Scottish Television, he was elected MP for Dunfermline East, Scotland, in 1988.

He gained his first shadow cabinet post in 1987. When John Smith became party leader after Labour's 1992 election defeat, Mr Brown insisted on the shadow chancellorship in the knowledge that it was the most important job on the opposition front bench.

One close adviser argues that this display of ego helped cost Mr Brown his chance to lead the party. Mr Tony Blair - who entered parliament with him in 1983 - had scope to impress MPs and the electorate by attacking the government as shadow home secretary. But Mr Brown could only adopt the grim countenance of an Easter Island statue, telling shadow cabinet colleagues they would not be allowed to spend any money.

Following Smith's death in 1994, the strains which Mr Blair ascribed to the leadership placed on their relationship have been well

documented. But colleagues detect no particular tension since the election, with the prime minister content for his chancellor to drive his agenda forward.

Some observers see Mr Brown's frenetic start as a desire to do what he can while the prime minister is busy getting to grips with his enormous new range of responsibilities. "But it is important to remember that neither Brown nor Blair is very interested in economics," says one Labour policy adviser. "Blair is supremely uninterested and completely ignorant. Gordon knows more, but he seems happy not to bother with interest rates and appears more interested in colonising other departments: social security, employment and trade and industry."

Mr Brown's arrival has met with mixed reactions in the Treasury. Civil servants are genuinely excited by the opportunity to work for an administration with fresh ideas, even though many have had to give up weekends and work late nights to cope with the early rush of decisions. But in some quarters concerns are emerging.

The flurry of announcements in recent days is masking what some Treasury mandarins see as an alarming build-up of unread papers and untaken decisions. "On anything which they haven't been thinking about already for two or three years, they seem surprisingly indecisive," says one. Lengthy meetings are failing to reach conclusions and it is proving difficult to fill in the detail of

some of the big ideas.

Some believe decisions are being taken too rapidly. Mr Brown's early announcement that he would appoint a second deputy governor at the Bank responsible for financial stability has also raised eyebrows in the light of his subsequent decision to hand financial supervision to a separate body. "That suggests he is making this up as he goes along," says the managing director of one City firm.

Officials complain they are not being kept in touch by the "Brownies", the fiercely loyal aides he has brought to the Treasury with him.

The chancellor makes no apology for his early announcements. "It is now 18 days since we took office and we have done more to restore faith in the view that government can advance opportunities for all in those 18 short days than the Conservatives achieved in 18 long years."

Mr Brown has shown little inclination for small-talk when getting down to work with his new officials, but his dour image belies the fact that he is an amusing company when not on the public stage. His first drinks party for journalists at Number 11 Downing Street was hailed as a great success, even by fans of his famously bubbly predecessor.

But even friends concede that Mr Brown may take time to trust the civil servants he has inherited. "Gordon believes in camps," says one. "It takes a long time to get into his camp and a single criticism can



get you pushed out." Another adviser observes: "He sometimes has difficulty distinguishing distinguished advice from a knife in the back."

The Treasury's senior mandarins will be hoping that Mr Brown learns to delegate soon. The biggest of

the chancellor's big ideas - welfare-to-work - will be fearfully complicated and the talents of numerous people will have to be harnessed to make it a success. The Brownies may be happy to work 18-hour days for now, but they cannot run the country on their own.

The virtual music shop

Alice Rawsthorn looks at progress towards the sale of music on the internet

Anyone who wants to quiz Radiohead about *OK Computer*, its forthcoming album, can do so in a live internet chat with the band this afternoon, but soon they may be able to buy the album online too.

EMI Music, Radiohead's record label, is in negotiations to participate in a French high-speed cable television trial in which consumers can choose from hundreds of songs on a "digital jukebox" and pay electronically to have the music sent to their computer.

If EMI goes ahead it will become the first multinational music group to sell its recordings online, and its competitors are bound to follow suit. The French trial is paving the way for a digital music market, which could command a substantial share of the \$40bn-worth of recordings sold worldwide each year.

Technically it is already possible to sell music online by delivering it to computers via the internet or high-speed cable TV services. Anyone whose computer is fitted with a sound card could use such a system. They would order and send payment details electronically and the music would be sent to their hard disk as a digital signal.

Until now, the multinational record companies - PolyGram, Sony, Warner and BMG which, with EMI, control more than two-thirds of the global music market - have been reluctant to participate.

One concern was the sound quality of the music, and the length of time taken to download it. Another fear was that the digital signals would be hijacked by pirates, who could make cheap copies and sell them illegally, depriving the copyright owners - record companies, performers and composers - of royalties.

The quality of digital music signals and the speed of delivery are steadily improving with advances in technology, but piracy is still a serious threat. The World Intellectual Property Organisation set an important precedent last December by agreeing that the copyright protection of intellectual properties, including music, should be extended to digital distribution. The European Commission plans a draft directive on the subject this summer.

Meanwhile the International Federation of the Phonographic Industry (IFPI), the trade association, is co-ordinating work on a system to control access to digital signals by encrypting them in a way that only authorised users can decode.

It will take at least a year to develop an industry-wide encryption system, and even longer for copyright protection legislation to be put in place worldwide. Meanwhile, market developments are moving so quickly that the music industry is considering selling its products online before the legal and technical issues have been resolved.

In April Enradat, a French technology company, launched a digital jukebox on a high-speed cable TV trial run by Lyonnaise des Eaux in 400 homes. Consumers can choose from 400

songs, which are sent to their hard disks as encrypted signals that can be played on the computer sound card, but can not be recorded to other formats, such as cassette tapes.

Enradat's songs are supplied by independent French record companies, but it is finalising negotiations with EMI. Mr Jeremy Silver, EMI's vice-president of interactive media, says it may join the trial next month if it is satisfied that the encryption system will provide adequate protection against piracy.

Enradat is talking with other record companies, according to Mr John Griffin, its chief executive. Meanwhile Deutsche Telekom, Europe's biggest telecommunications group, has started discussions with the music industry over plans to test a digital jukebox on its high-speed cable TV networks in Germany.

One concern for the music groups is the risk of endangering their relationships with retailers by selling music on digital jukeboxes run by other companies, or their own websites. In the long term record retailers such as Virgin, Tower and HMV will probably launch online services of their own. Such services should be more profitable than record stores because the cost of property, staff and stock will be far lower.

Until then many retailers will regard digital distribution as a threat. Some record companies, anxious not to upset them, are considering limiting their early online experiments to older recordings not sold in stores.

If consumer demand is strong enough the multinational music groups may develop the digital market more aggressively, particularly if they think there is a risk of new acts choosing to release their material through independent record company websites, rather than signing contracts with larger companies.

The critical question is how big the digital music market will be. It is unlikely to take off until more computers are integrated into home entertainment systems. But it could then claim a sizeable share of sales, not least because the demographic characteristics of frequent record buyers - young, reasonably well-educated and mostly male - are virtually identical to those of techies. Music is already one of the most popular subjects on the internet and thousands of websites are devoted to various bands and musical genres.

Online chat sessions like the one Radiohead will conduct this afternoon are increasingly popular. America Online was virtually brought to a halt by a Spice Girls chat earlier this month, and last weekend's Worldwide Web session with Paul McCartney attracted 850,000 questions.

"There's tremendous synergy between music and digital stuff," says one record company chairman. "But so far the public has been getting the hands' websites and online chats for free. What we don't know is whether they'll pay."

Like the cash, shame about the politics

Beijing fears HK could be a base for subversion, says John Ridding

In the southern Chinese boomtown of Shenzhen, hawkers listen to the radio while waiting for sales of Hong Kong dollars accepted. A thousand miles to the east, diggers lay the foundations for 20,000 Shanghai houses, to be built by Shui On, the Hong Kong developer. And to the west, in remote Yunnan province, stands a small village barber shop. Called Little Hong Kong, it is festooned with pictures of Cantonese pop stars and Jackie Chan, the uncrowned king of kung fu.

"I was very surprised," says Mr Frank Ning who stumbled on the barber's shop while trekking. "There was no electricity, no TV, but they knew a lot about Hong Kong," explains the managing director of China Resources, one of the biggest mainland business groups.

While most attention, and most fears, have focused on how China will handle Hong Kong after July's handover, powerful forces are at work in the opposite direction. They are fuelling China's transformation into an emerging economic powerhouse, providing capital and expertise. But they also present political risks for Beijing.

This week, China's de facto embassy in Hong Kong attacked the territory's economic structure, says a senior official in neighbouring Guangdong province.

So do Hong Kong's capital markets. Share issues over

Square protests of 1989. The move reflects fears that Hong Kong could become a base for subversion. Such concerns were also evident in laws tightening controls on political organisations and demonstrations which were published this month by Mr Tung Chee-hwa, the territory's future leader.

"China wants the cash and the knowhow, but strictly nothing else," says one Hong Kong diplomat. "Their ability to maintain this division will determine whether this transition can work."

Closer integration brings clear economic benefits. Hong Kong accounts for some 60 per cent of foreign investment on the mainland, and the inflow shows no signs of flagging. "Our share of profits from China is going to increase steadily," says Mr Henry Cheng, managing director of New World Development. He cites investments of some US\$3bn in "hard cash" in China, with further commitments in excess of \$12bn.

Much of this money will go into low-cost housing, infrastructure and urban development. "Hong Kong companies play an important role in modernising our economic structure," says a senior official in neighbouring Guangdong province.

So do Hong Kong's capital markets. Share issues over



High-rise anxiety: China is fearful of Hong Kong's influence

the past year by mainland-backed businesses have raised more than HK\$20bn (\$2.5bn), confirming the territory as the fund-raising centre for China. Alongside the funds has been a transfer of expertise. "There is definitely more sophistication in the companies coming to market," says Mr Wong Wai-ming, corporate finance director at HSBC in Hong Kong.

The problems start with politics. "[The Chinese] worry that Hong Kong will be the base for foreign-backed organisations that may be dangerous or promote democratic activities in China," says Mr Cheng at New World. When Mrs Anson

Chan, Hong Kong's chief secretary, suggested last year that China would be just like Hong Kong in 100 years, there was swift criticism from Beijing. "That is taboo," says one pro-China member of the legislature that will take office after the handover.

The one country, two systems formula that underpins the handover is designed as much to prevent political infection from the territory as it is to reassure its residents. It has been reinforced by a constant stream of propaganda and careful control of news from Hong Kong. Newspapers from the territory have tried in vain to penetrate

the mainland market.

This is still a very sensitive issue, and I don't see things changing for a long time," says Ms Sally Aw, chairman of Sing Tao Holdings. Hong Kong newspapers that are distributed in China are vetted, with sensitive articles excised.

Such separation will become more difficult. The handover presents a tricky challenge for the Chinese leadership - how to maximise the propaganda value of the return of long-lost territory, while ensuring patriotic fervour does not lead towards limitation.

Longer term, the transfer of sovereignty will increase Hong Kong's identity as a Chinese city, not a colonial curiosity. "A Hong Kong that flourished within the influence of one country, two systems could become dangerously subversive of the communist system in China by its demonstration effect alone," says Mr Michael Yahuda of the London School of Economics.

Increased economic integration, which is set to follow Hong Kong's handover, will add to the territory's influence. The influence created by economic development is likely to increase pressure for greater political participation. "It is the natural trend," says Mr Cheng. "China's leaders realise that,

but...with 1.2bn people it could be very dangerous."

As the handover looms, China has sought to tighten its grip. Directive dispatched to senior party and government cadres this year ordered officials to drive home the message that "well water and river water do not mix". More seriously, China's National People's Congress struck down Hong Kong laws on political organisations and demonstrations, prompting the tougher legislation introduced by Mr Tung.

The new laws introduce the concept of national security in the registration of political parties and the granting of permission for demonstrations. The definition of national security is given as the defence of the independence and territorial integrity of the People's Republic of China. Mr Tung's aides argue it is a narrow definition that will ensure the protection of civil liberties. But critics have sounded alarm bells.

"For the first time I was really worried," says Ms Margaret Ng, the independent legislator. "This use of national security is the introduction of political censorship." For her and other pro-democracy politicians, Beijing's attempt to prevent infection from Hong Kong may itself corrupt the territory's political institutions.

Mark Ashurst reports on South Africa's emerging tycoons as assets are transferred to blacks

The new randlords

At its most superficial, the transfer of white-owned assets to blacks in South Africa resembles a politically correct version of the leveraged buy-outs that swept through western economies during the 1980s.

In the name of economic empowerment, a few blacks with a modicum of capital have won control of significant assets from the country's white-owned conglomerates. In the process - as many in the trade unions and the ruling African National Congress privately complain - several have become instant millionaires. Whether they are effective businessmen is now being tested, most visibly in the mining industry.

This week Mr Mzi Khumalo, a long-time political prisoner and now chairman of JCI, the country's first black-controlled mining house, flew to London to discuss a merger with Lonrho, the UK conglomerate. Four days earlier, Mr Cyril Ramaphosa, a past president of the National Union of Mineworkers and an erstwhile contender for the post-Mandela presidency, announced

he was in talks to acquire joint control of Gold Fields of South Africa, the world's third largest gold producer.

In both cases, the stakes are high. Mining has featured prominently in South Africa's political drama. Its profits built the continent's biggest industrial and financial empires. Slack safety standards in deep mines claimed far more black lives than the brutality of apartheid security forces.

In an economy where every 10 black miner supports seven to 10 dependants, the industry's decline has been a grave problem for the infant democracy. Gold output - and billion prices - have dropped by more than half since their heyday in 1970, at a cost of 300,000 jobs in the last decade.

So it is perhaps inevitable that South Africa's two most prominent black businessmen - dubbed "the black randlords" in Johannesburg's financial circles - have set their sights on the mining industry. As white-owned companies have

sought to halt the malaise, their black suitors have argued convincingly that the old bosses are ill-equipped to repair labour relations and boost productivity.

Mr Khumalo and Mr Ramaphosa share impeccable political credentials, but have little else in common apart from both being on the board of Anglo American, the mining company.

Mr Ramaphosa quit parli-

"I had no idea what a price-earnings ratio was. Not the slightest clue," Cyril Ramaphosa recalls of his first meeting with Anglo executives.

ment in May last year to lead a bid for Anglo American's controlling stake in Johnnic, an industrial group earmarked for black ownership. "I had no idea what a price-earnings ratio was. Not the slightest clue," he recalls of his first meeting with Anglo executives.

Instead he brought other skills to the negotiations, polished during multiparty talks and drafting of the constitution. After two years of deadlock, fractions business and trade union groups united under Mr Ramaphosa and secured a 7 per cent discount from Anglo.

Trade unions have turned capitalist. Many have drawn on their members' pension funds - the only significant source of black capital to have survived apartheid - to set up investment companies. This, in turn, has enabled them to appoint representatives to the boards of blue chip companies.

Dr Nhato Motlana is the founder of the conglomerate New Africa, South Africa's biggest black-owned com-

pany. For him the key to these pension funds was to recruit Mr Ramaphosa, who was given a stake in New Africa estimated to be worth at least R20m (£1.4m).

Yet institutions can be wary of opening the kitty for black investors. "There will be some above-average risk deals in black empowerment," says Mr Marinos Dalong, chairman of Sanlam, founded in 1918 to promote African economic empowerment, and architect of the first transfer of white-owned assets to blacks in 1989. "Is it proper to use black-owned assets for deals with a higher than average risk?"

Mr Khumalo's march on JCI, which was sold by Anglo in November, was just such a high-risk deal. His successful bid, against a rival offer from Mr Ramaphosa, was feted as the most business-like in South Africa's short history of black economic empowerment. It involved a competitive bid, a price at a hefty premium to the market and the disposal by a white con-

glomerate of a controlling interest in a core business.

Significantly, Mr Khumalo, who dodged the political limelight to concentrate on building Capital Alliance, a financial services empire, shunned the sale of Johnnic, which owns an array of minority stakes in blue chip companies, including South African Breweries, where Mr Ramaphosa is deputy chairman. "I couldn't think what I would do with a seat on the board of SAB," he says. "At JCI I am very clear I am moving into a controlling position."

Yet Mr Khumalo has struggled to raise the R2.4bn that he is pledged to pay Anglo this Monday to close the deal. This will boost the proportion of black-controlled equities to 2.5 per cent of the market capitalisation of the Johannesburg Stock Exchange.

But Mr Khumalo may have exhausted the market's appetite for such megadeals. Financiers expect future asset transfers to be more frequent but more modest. "There are not many black businesses who want to try what we have done," says Mr Khumalo.



Radiohead: set to sell online

Trading slows ahead of holiday

MARKETS REPORT

By Susanna Voyle

Coffee and copper, the stars of the commodities markets this week, both slowed yesterday. Commodities trading remained subdued across the board as markets in London and New York prepared for the holiday weekend.

Coffee prices were little changed - holding on to most of the gains from the recent blistering rallies - in spite of comments from the Association of Coffee Producing Countries that supply would remain tight.

Mr Roberto Oliveira Silva, secretary general of the ACP, said the situation would not ease until September. "We expect a certain tightness in the market, especially for the period from July to September," he said.

On Wednesday, the 14-member association announced that its export quota system would remain in place - in an attempt to keep the coffee price high.

Mr Silva yesterday said the decision had been made because nobody was confident over the medium-term market direction. "The market is subject to so many wild swings. We have to try to keep it under control, at least on our side."

On the London International Financial Futures Exchange the benchmark July contract ended the day \$4 higher at \$2.068 a tonne. On New York's Coffee, Sugar and Cocoa Exchange just before midday, the July contract was down 1.55 cents at 258.75 cents a pound.

WEEKLY PRICE CHANGES

	Latest price	Change on week	1997 High	1997 Low
Gold per troy oz.	\$342.95	-1.30	\$359.70	\$340.25
Silver per troy oz.	\$21.25	-0.05	\$21.30	\$21.00
Aluminium 99.7% (cash)	\$1,615.5	-38.5	\$1,658.5	\$1,519.5
Copper Grade A (cash)	\$2,291.5	-38.5	\$2,329.5	\$2,217.5
Lead (cash)	\$827	-7.5	\$835	\$820.5
Nickel (cash)	\$7,460	-230	\$7,690	\$7,230
Zinc (cash)	\$1,940	-13.5	\$1,953.5	\$1,926.5
Tin (cash)	\$5,955	-45	\$6,000	\$5,910
Cocoa Futures Jul	\$1,004	-43	\$1,049	\$959
Coffee Futures May	\$2,005	+21	\$1,979	\$2,009
Sugar LIP (near)	\$270.80	-0.00	\$270.80	\$270.80
Barley Futures May	\$28.00	+1.50	\$26.50	\$28.50
Wheat Futures May	\$20.25	+1.25	\$19.00	\$20.50
Crude Oil WTI Index	78.25	-0.50	\$2.30	\$78.75
West (B&B Super)	41.00	-0.25	40.75	41.25
Oil (Brent Blend)	\$20.22x	+0.48	\$18.11	\$20.95

For more on these and other markets, see p. C10.

WORLD BOND PRICES

Government bonds recover

MARKETS REPORT

By Jane Martinson in New York and Richard Lapper in London

Government bond markets recovered some of the ground they lost on Thursday, with prices rising in most markets. US bond prices edged higher in weak trading at mid-session yesterday as a 7 per cent yield acted as an effective barrier.

The benchmark 30-year note rose 1/8 to 9 5/8, yielding 6.97 per cent. The yield has nudged up to the psychologically important 7 per cent barrier over the past two sessions following the decision taken by the Federal Reserve's Open Market Committee not to raise rates.

Trading was light in the last morning before the bank holiday weekend with the Bond Market Association recommending an early close. The levels of activity could change, however, when Mr Lawrence Meyer, Federal Reserve governor, speaks at a New York conference.

Mr Roger Brinner, chief economist at DRI/McGraw-Hill, said he expected the benchmark to stay in a trading range just over 7 per cent until the next Fed meeting in six weeks' time.

He felt that the focus of concern would be the weakening dollar and the delays in spending cuts offered in the budget deal.

The two-year note was unchanged at 10 1/4 yielding 6.25 per cent. The yield curve, the difference between the yields of the short and long end of US bonds, has steepened from 65 basis points at the beginning of the week to 76 basis points following Tuesday's decision not to raise rates.

In Europe, Spanish and Italian bonds performed marginally better than core European markets. At Liffe, the June BTP future gained

the price for three-month copper on the London Metal Exchange hovered around the \$2.510 to \$2.525 a tonne level, with dealing largely revolving around people squaring their books ahead of the holiday. At several points the price tried to scale Thursday's one-year peak of \$2.530, but fell back to its trading range every time.

Matif, the French futures exchange, said it would open a new futures contract for white sugar on June 20 with an October expiry. The contract will be for sugar with an International Commission for Uniform Method of Sugar Analysis rating of 100. These sugars are mainly produced in South America, Central America and Asia - but Matif said they were only partially covered by existing contracts in New York, London or Paris.

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BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

ALUMINIUM, 99.7% (per tonne)

	Cash	3 mths
Close	1615-16	1625-26
Previous	1628-9	1639.5-40.0
High/low		1635/1610
AM Official	1608-07	1621.5-22
Kerb close		1633-34
Open int.	267.743	
Total daily turnover	97,523	
ALUMINIUM ALLOY (\$ per tonne)		
Close	1405.75	1405.05

CURRENCIES AND MONEY

Bank moves

MARKETS REPORT

By Richard Adams

With the major currency markets quiet yesterday, several central banks took the opportunity to make gains at the expense of a sluggish US dollar and D-Mark.

The Czech koruna strengthened by 3 per cent against its D-Mark and dollar peg, after a series of interventions by the Czech National Bank.

Central banks in Sweden and Greece also intervened yesterday. In Asia the Philippine central bank sold dollars to shore up the peso.

The dollar ended the day slightly down against the D-Mark and the Japanese yen. Sterling lost nearly half a cent to end the week in London at \$1.65.

Against the D-Mark the pound lost 1.5 pence to close at DM2.7559. The French franc was virtually

unchanged at FF2.968, despite concerns over a change of government.

The Czech National Bank (CNB) returned to the fray over the embattled koruna, launching three one-week repo tenders yesterday in a bid to soak up liquidity and stop short-selling.

The first two tenders were successful, with average yields reaching 74.97 and 73.76 per cent respectively. But the CNB said it received

no bids in its third auction of the day.

The CNB has spent much of the last two weeks fighting against a wave of speculative short-selling. It raised its Lombard lending facility to 50 per cent from 14 per cent, its repo rate to 75 per

cent from 12.5 per cent to ease the pressure.

The Greek drachma gained ground against the European currency unit, after the central bank sold about DM130m and Ecus3m for drachmas, dealers said. The Ecus-drachma cross-rate settled at Dr11.55 at yesterday's fixing, higher than Thursday's Dr11.55 but down from the highest point during the day of Dr11.5.

One trader in Athens told Reuters: "I think it shows that the central bank does not want Ecus-drachma much higher than current levels."

Mr Ruairi Quinn, Ireland's minister for finance, sought to allay fears that the government might be prepared for the punt to enter a single European currency at its central rate within the exchange rate mechanism (ERM), rather than its prevailing market level.

Mr Quinn said the rate would "not necessarily" be its central ERM rate of DM2.41. "My intention would be that Ireland would join at a rate that meets the needs of the Irish economy in the fullest sense of the word," he said. The punt was little moved against sterling, but lost a penny to the D-Mark, to DM2.55.

The Philippine peso was the latest Asian currency to come under fire, following the Thai baht, in the wake of the impending rise in Japanese interest rates.

The peso closed unchanged at 56.38 pesos in London, around the rate at which the Philippine central bank had been selling dollars to support the currency. Traders estimate the Central Bank sold over \$160m to defend the currency yesterday. Trading volume swelled to \$237m from \$202m.

On Thursday, the Central Bank cut its overnight borrowing rate by two percentage points, to 18 per cent. This came a week after the central bank raised its rate several times.

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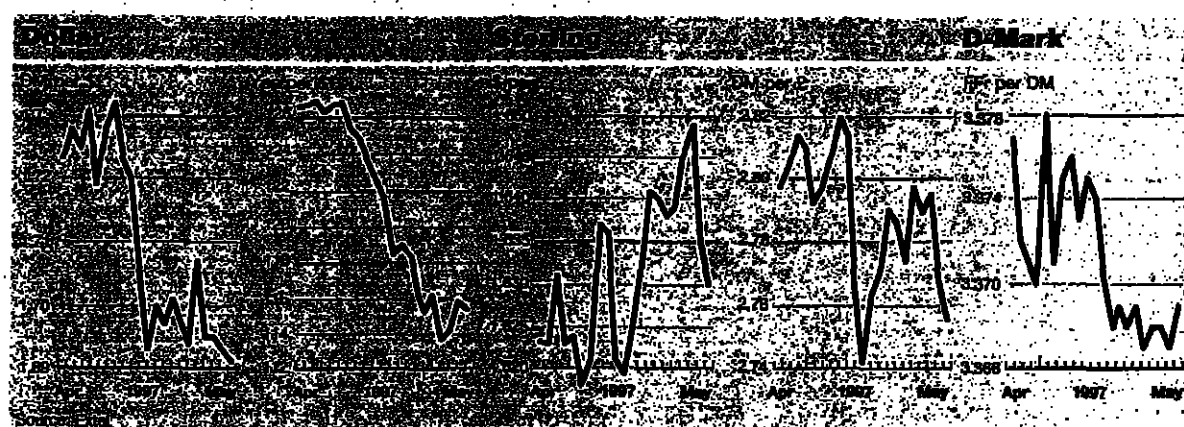
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D-MARK

YEN

POUND

STERLING

DOLLAR

EURO

FRANC

LIRA

PESOS

RUPEES

SILVER

GOLD

OIL

NATURAL GAS

COAL

COPPER

ZINC

LEAD

NICKEL

PLATINUM

PALLADIUM

RHODIUM

IRIDIUM

RUTHENIUM

SELENIUM

MANGANESE

CHROMIUM

VANADIUM

COBALT

NIOBIUM

MOLYBDENUM

TUNGSTEN

BARIUM

STRONTIUM

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HAFNIUM

TANTALUM

NIOBIUM

MOLYBDENUM

D-MARK

YEN

POUND

STERLING

DOLLAR

EURO

FRANC

LIRA

PESOS

RUPEES

SILVER

GOLD

OIL

NATURAL GAS

COAL

COPPER

ZINC

LEAD

NICKEL

PLATINUM

PALLADIUM

RHODIUM

IRIDIUM

RUTHENIUM

SELENIUM

MANGANESE

CHROMIUM

VANADIUM

COBALT

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SILVER

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CHROMIUM

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COBALT

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STRONTIUM

ZIRCONIUM

HAFNIUM

TANTALUM

NIOBIUM

MOLYBDENUM

TUNGSTEN

BARIUM

STRONTIUM

ZIRCONIUM

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MOLYBDENUM

D-MARK

YEN

POUND

STERLING

DOLLAR

EURO

FRANC

LIRA

PESOS

RUPEES

SILVER

GOLD

OIL

NATURAL GAS

COAL

COPPER

ZINC

LEAD

NICKEL

PLATINUM

PALLADIUM

RHODIUM

IRIDIUM

RUTHENIUM

SELENIUM

MANGANESE

CHROMIUM

VANADIUM

COBALT

NIOBIUM

MOLYBDENUM

TUNGSTEN

BARIUM

STRONTIUM

ZIRCONIUM

HAFNIUM

TANTALUM

NIOBIUM

MOLYBDENUM

TUNGSTEN

BARIUM

STRONTIUM

UNIT TRUSTS

WINNERS AND LOSERS

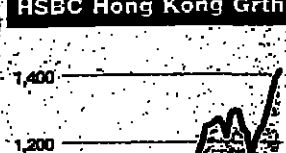
TOP FIVE OVER 1 YEAR

HSBC Hong Kong Growth	1,408
Johnson Fry Slater Growth	1,408
Invesco Hong Kong & Chi	1,331
Abnvest Frontier Markets	1,321
Save & Prosper Financial Secs	1,271

BOTTOM FIVE OVER 1 YEAR

Old Mutual Thailand Acc	399
Save & Prosper Korea	554
Schroder Saudi	554
Save & Prosper Gold & Expat	573
F&C Japanese Smaller Cos	577

HSBC Hong Kong Grth



TOP FIVE OVER 3 YEARS

Hill Samuel US Smaller Cos	2,080
Proffitt Technology	2,070
PM North America Growth	2,065
Johnson Fry Slater Growth	1,957
Framlington Health	1,916

BOTTOM FIVE OVER 3 YEARS

Save & Prosper Korea	434
Old Mutual Thailand Acc	483
Govett Japan Smaller Cos	533
Fidelity Japan Smaller Cos	535
Five Arrows Japan Smaller Cos	542

Fidelity Japan Smaller



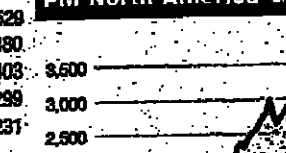
TOP FIVE OVER 5 YEARS

Proffitt Technology	3,529
Gartmore American Emer Gth	3,480
HSBC Hong Kong Growth	3,403
Mercury Gold & General	3,298
PM North America Growth	3,231

BOTTOM FIVE OVER 5 YEARS

Govett Japan Strategy	919
Friends Prov Japanese Sm Cos	950
Fidelity Japan Smaller Cos	984
Barclays Uni Japan Inc	988
M&G Japan & General Acc	1,028

PM North America Grth



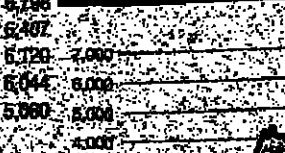
TOP FIVE OVER 10 YEARS

HSBC Hong Kong Growth	5,738
F&C US Small Companies	5,607
Hill Samuel US Smaller Cos	5,120
Gartmore Hong Kong	5,044
Fidelity European	5,000

BOTTOM FIVE OVER 10 YEARS

Waverley Australasian Gold	435
Barclays Uni Japan Inc	531
Mercury Japan	571
M&G Japan & General Acc	573
Henderson Japan Smaller Cos	574

F&C US Small Companies



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. Source: Reuters Hindsight (01625 511311)

Indices

Average Unit Trust	1010	1235	1800	2323	3.2	2.8
Average Investment Trust	1008	1251	1984	2785	4.5	5.0
Bank	1033	1112	1210	1841	0.0	4.3
Building Society	1081	1111	1217	1949	0.0	4.0
Stockmarket: FTSE All-Share	1196	1559	1963	2874	2.7	3.5
Inflation	1024	1064	1126	1534	0.4	-

UK Growth

Johnson Fry Slater Growth	1408	1957	2408	-	3.8	0.9
Jupiter UK Growth	1070	1777	2738	-	3.2	1.9
Perpetual UK Exempt	1150	1728	2508	-	2.7	2.6
Credit Suisse Fellowship Inc	978	1611	-	-	3.1	1.1
Perpetual UK Growth	1121	1591	2103	-	2.8	2.5
SECTOR AVERAGE	1078	1379	1774	2130	3.0	1.8

UK Growth & Income

Perpetual Income	1178	1627	2231	2820	2.6	2.9
Fleming Select UK Income	1232	1607	1997	2522	2.9	3.4
Fidelity UK Dividend Growth	1116	1540	-	-	2.6	2.3
Lazard UK Income & Growth	1126	1536	1897	2458	2.8	3.4
HSBC Funds Inc	1247	1523	-	-	2.8	2.2
SECTOR AVERAGE	1111	1373	1728	2325	2.9	2.7

UK Smaller Companies

Gartmore UK Smaller Companies	1161	1788	2245	2204	3.4	0.4
Laurence Keen Smaller Cos	1054	1732	-	-	3.1	1.2
INVESTCO UK Smaller Companies	1046	1690	2382	2121	3.9	1.2
AES Smaller Companies	1040	1677	2043	-	3.1	0.8
Britannia Smaller Co's Acc	1066	1629	2437	2300	3.3	0.4
SECTOR AVERAGE	987	1286	1814	1892	3.0	1.5

UK Equity Income

Jupiter Income	1126	1815	2869	-	2.8	4.0
Lazard UK Income	1136	1582	2044	2937	2.7	4.2
Britannia High Yield Inc	1098	1509	2070	3000	2.6	4.0
BWD UK Equity Income	1172	1500	1938	2633	2.8	3.5
Royal Life High Income (Dis)	1139	1488	1894	2170	2.7	3.7
SECTOR AVERAGE	1103	1341	1763	2333	2.8	4.4

UK Equity & Bond Income

Cazenove UK Equity & Bond	1106	1401	-	-	3.1	6.2
Cler Mid Retirement Income Inc	1108	1356	1738	-	3.1	5.5
Proffitt Extra Income	1081	1336	1715	2161	2.5	4.4
CIS UK Income	1134	1333	1706	-	2.4	4.1
Edinburgh High Distribution	1069	1313	1557	1822	2.9	4.2
SECTOR AVERAGE	1079	1246	1614	1973	2.8	5.4

UK Eq & Bd

BWD Balanced Portfolio	1140	1587	2222	-	3.1	1.2
Perpetual High Income	1155	1515	2206	-	2.2	3.4
Credit Suisse High Income Port	1084	1440	2014	-	2.8	4.4
Canlife Income Dis	1119	1365	1736	2095	2.2	3.5
NPI UK Extra Income Inc	1051	1384	1895	-	2.4	3.0
SECTOR AVERAGE	1098	1362	1811	2235	2.5	3.2

Gift & Fixed Interest

M&G Corporate Bond	1158	1305	-	-	1.9	7.3
Thornion Preference Inc	1089	1287	1737	2297	1.8	8.6
M&G Gift & Fixed Interest	1144	1278	1430	1904	2.0	6.9
Abnvest Fixed Interest	1119	1277	1880	2509	1.7	8.7
Proffitt Pref & Fixed Interest	1106	1246	1692	-	1.6	6.9
SECTOR AVERAGE	1072	1174	1416	1957	1.7	6.7

International Equity Income

GT International Income	1057	1320	2030	2670	2.4	2.6
Martin Currie Int'l Income	1082	1317	1882	-	2.7	3.1
Dolphin Int'l Gth & Income	1027	1296	1836	1867	2.8	2.2
Mayflower Global Income	1056	1263	1815	2175	2.5	3.6
M&G International Income	1056	1251	1889	2608	2.3	4.3
SECTOR AVERAGE	1048	1235	1814	2174	2.5	3.3

International Fixed Interest

Baring Global Bond	1017	1199	1617	-	1.5	6.2
Old Mutual Worldwide Bond Inc	991	1171	1478	-	1.8	5.2
Barclays Uni European Bond Inc	1054	1185	-	-	1.1	5.7
Mercury Global Bond Acc	982	1131	1464	-	1.7	5.4
TSB International Income Inc	966	1123	1386	-	1.6	4.6
SECTOR AVERAGE	936	1044	1363	1882	1.9	5.5

International Equity & Bond

Bank of Ireland Ex Mgd Growth	1089	1434	1891	-	2.1	2.5
Fleming General Opportunities	1143	1344	1708	-	2.6	3.2
Cazenove Portfolio	1028	1337	1848	-	2.0	2.1
Newton Intrepid	1098	1328	-	-	3.0	1.5
NPI Worldwide Income Inc	1000	1314	1740	-	2.5	1.5
SECTOR AVERAGE	1038	1228	1636	2272	2.2	2.5

International Growth

Proffitt Technology	783	2070	3829	4633	6.4	-
Framlington Health	750	1916	2478	5006	7.1	-
Save & Prosper Financial Secs	1271	1849	2888	3402	3.1	1.1
Save & Prosper Growth	1140	1680	2854	3267	2.8	1.7
Framlington Financial	1133	1583	2834	3815	2.7	0.5
SECTOR AVERAGE	1000	1212	1861	2290	3.2	1.0

Nth America

Hill Samuel US Smaller Co's	881	2090	3095	6120	5.4	-
PM North America Growth	1016	2065	3231	4795	4.5	0.0
Edinburgh North American	1063	1849	3036	3702	3.5	0.8
Royal Life United States	1054	1786	3070	3825	3.5	0.3
Martin Currie North America	1082	1782	2815	3287	3.3	0.0
SECTOR AVERAGE	982	1502	2287	3145	3.8	0.5

Europe

Jupiter European	1166	1882	3178	-	3.3	0.2
Baring Europe Select	1118	1763	2799	3256	3.6	0.8
Friends Prov European Gth	1147	1705	2480	-	2.8	-
Allied Dunbar European Growth	1124	1881	2854	2996	3.7	0.1
Gartmore European Sel Opps	1113	1672	2832	3370	2.8	-
SECTOR AVERAGE	1089	1376	2117	2820	3.0	0.8

Japan

GT Japan Growth	915	950	1507	1433	3.3	-
Martin Currie Japan	853	941	1827	-	4.8	-
Henderson Exempt Japan	834	917	1629	1048	4.8	-
Schroder Tokyo Inc	846	910	1742	2251	4.7	-
Hill Samuel Japan Technology	772	892	1645	2186	5.5	-
SECTOR AVERAGE	747	736	1311	1203	4.8	0.5

Far East inc Japan

Govett Greater China	1207	1256	2554	3246	4.2	-
Abnvest Pacific	854	1036	2055	3095	4.0	0.3
Martin Currie Far East	921	1021	1883	2169	4.2	0.2
United Friendly Far Eastern	905	1000	1694	-	3.4	0.7
Schroder Far East Growth Inc	842	969	2165	-	4.2	-
SECTOR AVERAGE	852	916	1759	2091	4.0	0.8

Far East exc Japan

HSBC Hong Kong Growth	1408	1724	3403	5738	6.3	0.8
INVESTCO Hong Kong & China	1381	1412	2650	4109	6.3	0.6
GT Orient Acc	1026	1335	3003	-	5.8	0.1
Old Mutual Hong Kong	1132	1291	2497	4845	6.2	1.0
Gartmore Hong Kong	1148	1263	2686	6044	5.8	1.1
SECTOR AVERAGE	880	986	2078	3550	5.3	0.7

Commodity & Energy

M&G Australasian & General Acc	1040	1319	2146	1453	6.0	2.0
M&G Commodity & General	874	1199	2059	2038	4.5	0.3
Save & Prosper Commodity	777	1070	1810	1796	5.6	-
Save & Prosper Gold & Expat	678	985	2193	865	8.9	-
Hill Samuel Natural Resources	771	970	1531	1528	4.7	0.4
SECTOR AVERAGE	753	1001	2107	1373	6.0	0.7

Best Peps

Johnson Fry Slater Growth	1408	1957	2408	-	3.8	0.9
Jupiter European	1070	1777	2738	-	3.2	1.9
Perpetual UK Exempt	1150	1728	2508	-	2.7	2.6
Credit Suisse Fellowship Inc	978	1611	-	-	3.1	1.1
Perpetual UK Growth	1121	1591	2103	-	2.8	2.5
SECTOR AVERAGE	1078	1379	1774	2130	3.0	1.8

Money Mkt

M&G Treasury	1048	1142	-	-	0.1	5.9
Midland Money Market	1045	1141	1244	-	0.2	5.2
Newton Cash Acc	1043	1140	1251	-	0.2	5.3
CJ Deposit	1043	1137	1259	-	0.0	5.5
Scott Equitable Cash	1046	1136	1249	-	0.1	5.5
SECTOR AVERAGE	1039	1128	1233	-	0.2	5.2

Investment Trust Units

Quilter Investment Trusts Inc	1055	1308	2134	-	3.3	0.6
Equitable Trust of Invest Trs	1019	1217	2017	2953	2.8	1.4
M&G Fund of Investment Trusts	1034	1215	1901	2741	3.2	1.5
Quilter High Inc Inv Trst Acc	1067	1213	2145	-	2.9	0.4
Exeter Fund of Investment Trs	1003	1197	2018	-	3.0	0.5
SECTOR AVERAGE	1017	1175	1861	2382	2.9	2.2

Fund of Funds

OM Charfield Securities	938	1366	-	-	4.2	-
Sun Alliance Portfolio	1039	1341	1942	-	2.7	1.2
Schroder Managed Bal Acc Inst	1048	1332	1848	-	2.3	3.5
INVESTCO Managed Acc	1036	1332	-	-	2.7	1.0
Lloyds Bank Growth Portfolio	1038	1317	-	-	2.7	0.1
SECTOR AVERAGE	982	1163	1706	1894	2.5	2.0

Authorized and Insurances

Authorized and Insurances

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INSURANCES

INSURANCES

Selling Price	Buying Price	+ or -	Yld %
1481.15	1502.05	+20.90	2.72

* Applies only to Local Authorities

G Securities Ltd			
Share (p)	711.7m	+0.5	7
Share (m)	1091.2m	+8.7	7
CF (p)	50.50m		6
Share (m)	1694.5m	+1.0	6

Oregon Gravel Investment Funds Ltd			
Share (p)	201.4	+0.0	2
Share (m)	207.3	+0.0	2

Key Exchange Funds			
African Exchange	96.39	98.84	0
Asian Exchange	90.85	83.38	0
Lat Ex May '22	48.26	48.48	7
in Exempt	47.87	48.48	0
Expt Ex May '22	71.31	73.21	2
Lat Exempt	38.99	30.17	2
Expt Ex May '22	81.29	84.14	2
Expt Ex May '22	82.11	84.53	3

Weet Investment Management Ltd					
for Cos Apr 14	E11585	11975	..	2	
M Unit Managers Ltd					
Cos's May 20	1132.29	1186.74	..	2	
" " " " " " " " " " " "	1477.91	1526.79	..	2	
Sept May 22	385.48	570.14	..	2	
" " " " " " " " " " " "	377.25	362.11	..	5	
Oct May 20	2111.05	2134.87	..	3	

... ..	276,035	251,532	0
... ..	648,115	651,037	0
... ..	881,31	888,34	0
... ..	2296,27	2306,06	1
... ..	2584,84	2688,98	1
... ..	1883,38	1889,85	0
... ..	2127,42	2142,40	1
... ..	2194,14	2223,40	1
... ..	2384,71	2530,95	2
... ..	188,18	188,40	0
... ..	375,19	377,83	0
... ..	2	267,68	0

...Except May 22	201.2	207.50	0
...Except May 22	250.32	273.24	0
...Except May 22	138.08	138.61	1
...Except May 22	244.27	247.08	0
...Except May 22	168.02	168.80	0
...Except May 22	168.20	169.98	0
...Except May 22	284.77	300.02	0
...Except May 22	311.62	317.17	1
...Except May 22	82.49	84.13	1
...Except May 22	103.37	108.19	5
...Except May 22	105.87	108.02	2
...Except May 22	119.17	131.98	2

UK-Lithuania Ex May 20	103.84	104.03	—	2
UK-Lithuania Ex May 21	111.89	111.87	—	2
UK-Lithuania Ex May 22	94.89	94.81	—	7
UK-Lithuania Ex May 23	116.57	116.51	—	7
UK-Lithuania Ex May 24	98.92	97.52	—	7
UK-Lithuania Ex May 25	114.95	115.67	—	7
UK-Lithuania Ex May 26	108.21	110.86	—	7
UK-Lithuania Ex May 27	92.35	92.46	-0.23	1
UK-Lithuania Ex May 28	90.38	92.48	-0.23	1

Investment Managers Ltd				
Investment Account	299.4	303.1	+0.80	1
Hart Ivory & Co Ltd				
PPP May 14	515.1	542.1	--	0
Closed to new business				
Equitation Unit Trust Managers Ltd				

PROPERTY

NIT TRUSTS

Lower Property Unit Trust			
May 31	29825	10850	
Sanctus Property Unit Trust			
May 18	306.0	520.0	

Report Benson Property Fund
 for the year ended 31 Mar 2000

Japan Account	848.8	882.2	+4.2
Income Account	808.7	727.1	-8.2
Worldwide Account	201.4	212.9	+1.7
Leisure Account	328.7	352.4	+0.4
Spec. Sits Account	392.2	381.3	+1.4
European Girls Account	415.8	437.5	+4.1
Smaller Cos Account	192.7	202.9	-0.8

Equity Account	581.8	581.4	+1.4
Enterprise Account	243.3	250.2	+6.7
GM Edged Account	808.4	852.8	+44.5
International Account	263.5	277.4	+13.9
Managed Account	1168.3	1230.8	+62.5
Secure Growth Account	808.0	841.7	+33.7

Property Accn.....	285.1	301.2	+0.1
Accounts Accn.....	283.9	301.0	+1.9
For Eastern Growth Accn.	778.4	125.7	+2.0
FTSE 100 Accn.....	234.1	248.5	+0.8
'500' Accn.....	197.5	337.9	-0.2
Japan Accn.....	80.2	83.4	+1.2
Income Accn.....	254.1	287.5	+0.7

Woodwide Account	198.3	208.6	+2.1
Kellogg Account	182.4	192.0	+0.4
Special Sites Account	257.5	271.1	+1.1
European Grid Account	357.5	357.0	+4.0
Smaller Cos Account	184.1	204.4	-0.6
Deposits			

Age Group	Total (%)	Male (%)	Female (%)	Unknown (%)
18-24	100	10	10	0
25-34	100	35	15	0
35-44	100	25	45	0
45-54	100	20	35	0
55-64	100	15	25	0
65+	100	10	15	0

Advancement (1)	296	258.8	+0.9	Pen Foreign & Colonial	225.7	237.7	+1.0
Advancement (2)	294.5	294.8	+0.8	Pen Shipping Index	238.6	243.1	+0.7
Gold Bullion (20)	191.3	190.3	+0.1	Pen CS Following-up Ser 2	231.8	238.5	+0.4
UK Prod & Found Int (1)	172.4	158.5		Pen Metal-Carbon 1	377.4	367.5	+1.4
UK Equity (1)	223.8	206.8	+0.2	Pen Global Found Int	135.5	142.7	+0.8
Property (1)	138.4	148.6		Pen Safety Net Stock Ind	122.4	128.0	+0.1
Environmental Opps (1)	214.8	228.2	+0.2	Pen Schneider	104.4	110.6	+0.6

Champion (V)	299.6	283.1	+2.6	-	-	-
North American (I)	278.7	284.4	+1.3	-	-	-
Oriental Carbon (I)	236.1	283.0	+1.8	-	-	-
Japanese (I)	167.5	113.2	+1.3	-	-	-
British & West (I)	138.3	145.3	+0.1	-	-	-
Private placement offer \$24.50	-	-	-	-	-	-
Unaudited Profit (\$2.5)	113.8	-	-	-	-	-
General Accident	-	-	-	-	-	-
2 Ringier Street, York Y01 1BR	-	-	-	-	-	-
Life Funds	-	-	-	-	-	-
Managed	259.0	254.1	+0.8	-	-	-
Unaudited 1992 Profit	182.8	171.3	-	-	-	-
Unaudited	-	-	-	-	-	-

Sectors (2)	128.0	+0.1	East Asia-PAC 2	128.5	128.9	-	-	-
Managed (2)	128.1	-	UK Equity	289.4	417.2	-0.1	-	-
Equity Managed (2)	128.4	+0.3	Fixed Income	228.8	238.8	-8.8	-	-
Assets (2)	118.8	+0.4	Asia-Pacific	184.1	183.7	-1.1	-	-
Assets (2)	118.8	+0.4	Com Disput	190.7	200.8	-	-	-
UK Prod & Fixed Int (2)	119.4	-	Property	195.8	195.1	-	-	-
UK Equity (2)	131.1	+0.1	Information	218.5	228.0	+2.8	-	-
Property (2)	118.7	-						

Environmental Ops (2)	21.7	+0.1	Americas	242.1	254.7	+0.4
European (2)	156.1		Japan	218.5	231.0	+0.2
North American (2)	132.0	+1.2	Japan Shinkai City	234.8	236.5	+0.2
Oriental Ops (2)	111.6	+0.8	European	248.5	252.1	+1.4
Japanese (2)	88.70	+0.7	Pacific	317.8	324.6	+0.9
British & West (2)	170.2	+1.0	Consolidated	183.6	172.3	-0.1
			Consolidated	128.8		-0.1

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Insurances, Money Markets and Other

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (444 171) 873 4378 for more details.

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Int Water Supply	Supply	Supply	Supply	Supply
Class	Price	Price	Price	Price

Japan Chien F.	0	945.500	454.703	---
Japan Chien A.C. F.	0	945.500	454.703	---
Cameroon Chien F.	0	939.40	261.700	---
Cameroon Chien A.C. F.	0	939.40	261.700	---
USA Chien F.	0	930.620	381.247	---
USA Chien A.C. F.	0	930.620	381.247	---

UG Bond Index	\$12,1050	---	Reserve Debt Portfolio	\$11,7787	11,7789	---
UG Bond Beta	88.7317	---				---
German Bond Index	511.4787	---	Apollo Investment Management Ltd			---
German Bond Floor	57.5418	---	Japan	128.1660	8.8982	---
		---	Europe	212.1394	7.9227	---
Butterfield Management Co Ltd		---	Europe	210.8172	11.5118	---

Phibro Health & Co PSCD Fed Ltd A Shares May 28 \$20.69 — PSCD Fed Ltd B Shares May 28 \$20.40 —	Price on May 27 Next Price May 29 Weekly Pricing — — — — — — — — —	Starke Funding Associates (Guaranteed) Ltd Clearing Money Market \$10.747 — US Dollar Money Market \$15.001 4 Can Dollar Money Market CSD20.638 2 PCF Standing Board @ \$13.52 13.74 PCF US Dollar Board @ \$12.44 17.72	5 4 2
---	--	--	-------------

GUERNSEY	PCF Canadian Dollar Fund £	C327 12	27.58	—
(SIB RECOGNISED)	PCF Euro Bond £	SP24 09	25.32	—
	PCF Euro Equity £	SP25 03	24.44	—
	PCF Balanced £	8238 15	20.56	—
	PCF For Europe £	S173 36	18.27	—
	PCF Inst Monocord £	S178 08	11.57	—

	Int Rate	Stiffing	Staying	or	Yield	
	Charge	Price	Price		R/r	
Per Mile (Average) up	270.00				11.25	---
Pacific Management (Guernsey) Ltd						---
The Castle Fund (Guernsey) Ltd					205.25	---
Clarkson Investment Mgt (Guernsey) Limited						---
Europe Mgt-Manager					£500.12	---
West Asia					\$200.18	---
US South & Mid Cap					\$200.22	2)
Japan					£200.02	---
Adams & Neville Fd Mngers (Guernsey) Ltd						---
PO Box 225 St Peter Port Guernsey G				01461 770051		---
Worldinvest Bond Fund Inc	£1.585		£1.646		0.655	---
Guinness Flight Fd Mngers (Guernsey) Ltd						---

[illegible]

3-Month Treasury	54	98.9	49.52	-0.39	5.42	CHF Bond B	SPY1062.76	---
12-Month Treasury	54	98.4	49.54	-0.39	5.42	DEM Bond A	DM1048.78	---
12-Month Bond	54	94.7	48.54	-0.39	5.42	DEM Bond A	DM1038.95	---
High Yield Bond	54	94.7	44.12	-0.39	5.42	DEM Bond B	DM1038.95	---
Euro High Yield	54	92.03	41.27	-0.19	6.48	Money-Market-USD	\$11787.77	---
US High Yield	54	92.03	41.27	-0.19	6.48	Money-Market-CHF	SPY1060.05	---
50 High Yield	54	92.03	41.27	-0.19	6.48	Money-Market-DEM	DM1039.80	---
High Yield	54	94.8	46.80	-0.28	1.57	High Yield Euro Bond A	SPY1127.82	---
High Yield	54	94.8	46.80	-0.28	1.57	High Yield Euro Bond B	SPY1171.71	---

European Equity	5%	132.07	34.11	+0.21	0.89	Dynacolor Equities Securities	SP1233.33	---
Global Strategic Fund (Rd)						Balanced	91080.13	---
USS Money Fund	0	\$20.37			4.82	Energy Sector Bld (Rd) May 13	\$1100.3888	---
Shilling Money Fund	0	\$10.21			6.57	Energy Sector Bld (Rd) May 13	\$1077.1956	---
Van Money Fund	0	\$9001.64			0.05	Growth Receipts	\$1251.72	---
UAI Money Fund	0	7480.01			2.39	Equity	\$1081.58	---
Managed Germany Fund	5%	\$36.61	36.83	-0.39		Roadside	\$208.76	117.77
Global Bond Fund	5%	\$34.56	35.48	-0.29	5.35			
						Conservative Union Capital for Mgmt		

USG High Inc Bld Fd	5/4	\$33.78	25.53	-1.19	8.43	CUMM Trust	17.7250	+0.0033	6.1
USSF Bond Fd	5/4	\$24.85	26.00	-0.02	5.28				
USG & City Bond	5/4	\$74.81	11.40	-0.13	6.54	Concord Mkt Investment (Germany) Ltd			
Yell Bond Fund	5/4	\$43.45	46.51	-0.77	4.22	Egyptian Growth May 18	80.08	10.23	
European Bond Fd	5/4	\$27.58	29.23	-2.28	5.44	Capacities (Cinematic Islands) Limited			
Essex High Inc Bld Fd	5/4	\$19.86	21.08	+0.14	5.88	Canadian Energy Apr 30	\$47.63	48.58	
Allen Discovery & Bond Fd	5/4	\$21.85	23.31	-0.03	5.50	Capital Apr 30	21.84	14.08	
Global Convert Bond	5/4	\$53.03	39.80	-0.39	1.07	Equity Rights Ltd Mar 8	\$70.94	71.34	+0.51

Global Broadcast netw.	\$423.89	23.10	-1.74	1.61		
Global Energy Fund	\$424.82	133.85	-0.95	0.12		Credit Suisse Asset Mgmt (Guernsey) Ltd
Global Infrastructure	\$425.00	10.00	0.00	0.00		
American Bus Corp Rd	\$425.00	56.92	0.00	0.00		New Europe Debt
Global Infrastructure	\$425.00	56.92	0.00	0.00	\$1.00	1.04
U.S. Fund	\$264.97	26.52	+0.52	1.98		
AGFAM	\$264.97	22.30	-0.88	0.00		Monetary Management (Guernsey) Ltd
Asia Pacific Comm'n	\$264.97	25.98	+0.12	0.24		
Global Energy Fund	\$264.97	88.08	+0.09	1.55		
Japan Fund	\$264.94	21.74	-0.26	0.00		
						Debt Fund Ltd
						Debt Fund II Limited
						Debt Fund III Limited
						Debt Fund IV Limited
						Debt Fund V Limited
						Debt Fund VI Limited
						Debt Fund VII Limited
						Debt Fund VIII Limited
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						Debt Fund X Limited
						Debt Fund XI Limited
						Debt Fund XII Limited
						Debt Fund XIII Limited
						Debt Fund XIV Limited
						Debt Fund XV Limited
						Debt Fund XVI Limited
						Debt Fund XVII Limited
						Debt Fund XVIII Limited
						Debt Fund XIX Limited
						Debt Fund XX Limited
						Debt Fund XXI Limited
						Debt Fund XXII Limited
						Debt Fund XXIII Limited
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Jaguar Small Cap	54	\$18.58	20.40	-0.34	0.00	Asian Growth/Intl (Apr 30)	\$11.04	12.04	---
Jaguar & Pacific	54	\$123.28	141.72	-0.36	0.52	FF Consistent			
European Fund	54	\$169.48	201.48	-1.31	0.09	FF Unimutual Global (2 Apr 30)	\$1346.45		---
Global Emerging Markets	54	\$22.03	33.49	+0.01	0.34	FF Unimutual Global (2 Apr 30)	\$9416.23		---
Global Energy Fund	54	\$51.88	55.17	-0.08	0.00				
Global Gold	54	\$34.80	28.05	-0.11	0.77				
Global Leisure Fund	54	\$105.76	112.45	-0.85	1.00				
Global Privatizations	54	\$34.10	35.27	-0.22	1.05				
						FF & M&Is (Apr 30)	\$10.190		---
						CVS Investment Management 1 of 1			

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Supp ASEAN Japan Ctns	\$8,475	8,855	0.00	International Fed of Funds Acc	\$3,500	+0.04
Supp ASEAN Japan Ctns	\$8,475	8,855	0.00	Cash & Fund Interest Standing	\$1,000,000	-0.08
Japanese Secn Secn	\$2,579	2,738	-0.04	Cash & Fund Interest Standing	\$10,000	-0.04
Kelownat Securities Intl Fd Mgmts Ltd				Fund of International Yrns Acc	\$10,000	+0.03
PO Box 44, Germany, CI	01461 708663/708662			Managed Income Inc	\$10,000	+0.01
British	2,128	2,825	+0.05	0.00	Managed Income Acc	+0.01
Cont European Ltd	848,301	1,804	-0.003	0.09	Private Equity Fund Inc	-0.06
Emerging Markets	17,582	16,935	-	0.60	Private Equity Fund Inc	-0.06
				PSK High Yield Acc	\$10,000	-0.02

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Current Assets		Current Liabilities	
Debit	Credit	Debit	Credit
1000 Cash	1000	1000 Cash	1000
2000 Accounts Receivable	2000	2000 Accounts Payable	2000
3000 Inventory	3000	3000 Notes Payable	3000
4000 Prepaid Expenses	4000	4000 Long-Term Debt	4000
5000 Equipment	5000	5000 Equity	5000
6000 Buildings	6000	6000 Retained Earnings	6000
7000 Land	7000	7000 Dividends	7000
8000 Accumulated Depreciation	8000	8000 Interest Payable	8000
9000 Total Assets	9000	9000 Total Liabilities & Equity	9000

European Index F	5	625.12	28.56	---	0.88	
Lloyds Intl Money Market Fund Ltd						
German Inv F				01-481	704300	
Lloyds Bank Money (European) Ltd						
Aussch Dollar F	0	A004.370	0.613	5.216		
Canadian Dollar F	0	C029.091	0.007	2.068		
Dutchmark Dollar F	0	D060.939	0.001	2.160		
Midco Capital Mgmt (Europe) Ltd						
New Creation Fd		516.67	18.956			
Jan Cap Conv Gd Fd		71.1241	117.92			
Monm Jan Ret Revol Fd		707.95	5805			
Paragon Asset Management Ltd						
Paragon Cap Adv Fd Ltd		\$117.8043				

Barclays Bank PLC	0835.400	-0.002	2.262	Handelsbanken Asset Mgmt (S) Ltd		
BNP Paribas	5539.748	-0.004	3.188	Five Arrows Life Assurances	5182.1	19.37
Commerzbank AG	7792.101	-0.013	2.291	Five Arrows Global Cap WFOF	5181.1	16.438
Crédit Agricole	12764.11	-0.425	6.156	Five Arrows Structured Cap WFOF	5180.0	11.295
Crédit Lyonnais	7340.151	-0.016	0.189	Five Arrows Structured Divd WFOF	5180.0	10.330
Deutsche Bank AG	8210.359	-0.018	6.046	Five Arrows Structured Divd WFOF	5179.0	10.340
Erste Bank	5010.228	-0.008	2.182	Five Arrows International Equity Funds		
Fininvest Bank	5258.154	-0.013	4.761			

Swedish Petroleum F	F	PCO 76.925	+0.003 4.694	American Petro	P16.987	+0.002
Standard Cities G	F	131.894	+0.006 6.660	American Super Gas Prod.	P14.376	+0.012
Swedish Petroleum F	F	PCO 76.925	+0.008 3.212	Arco Fuel	P12.193	+0.001
Swiss Franco F	F	SPR 91.336	+0.001 0.728	Enova Fuel	DN 95.544	+0.082
US Drifter Cities G	F	843.955	+0.004 4.934	Japan Fuel	ST 57.63	+0.016
Unimogged Shipping F	F	119.889	+0.008 4.428	Japan Super Gas Prod.	ST 49.3	+0.008
Unimogged USG F	F	528.098	+0.005 3.953	UK Fuel	P14.882	+0.033
				UK, Smaller Gas Prod.	P15.829	+0.059

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Prudential Fund Managers: (Guinness) Ltd PO Box 91, St Peter Port Guernsey GY10 7DQ				
Prudential Funds Ltd				
Emerging Markets	670.420			+0.027
UK Fixed Interest	310.080			-0.100
Global Fund Interest	510.050			-0.001
US Dollar Cash	870.770			+0.001
US Fixed Interest	38.984			-0.011
Starting Cash	102.198			+0.001
Swiss Franc Cash	87.0125			—
Five Arrows International Managed Portfolio				

INTERNATIONAL ASSET MANAGEMENT (C) LMI		LMI		LMI	
PO Box 242, St Peter Port, Guernsey		1301		718700	
UK Assets Ltd	5	518.15	19.24	—	0
The Attorney International Asset Funds					
IMB C Fund	31%	222.50	23.06	-0.03	5.39
IMB US Bond	31%	222.61	34.74	—	5.88
IMB C Global	31%	217.30	17.80	-0.10	4.39
IMB US Growth	31%	219.52	11.60	-0.04	4.22
LMI Capital Growth					
International Income & Growth					
International Capital Growth					
International Capital Growth					
European Capital Growth					
European Balanced & Growth					
Asian Capital Growth					

TABLE 1. *Continued*

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FT MANAGED FUNDS SERVICE

MANAGER / ORDER SERVICE

• or	Yield	Int. Mass	Calcing	Drying	• or	Yield	Calcing	Drying	• or	Yield
Flow	Factor	Rate	Rate	Rate	Flow	Factor	Rate	Rate	Flow	Factor

Fixed Income	10.107	20.79
Fixed Interest	10.294	0.743
Deposit	10.509	0.186
International Managed	10.715	0.232
International Growth	11.718	0.281
U.S. Cash	11.046	0.150

Offshore Insurances and Other Funds

... *et* ...

The image shows a page from a financial publication, likely a newspaper or magazine, containing a large table of data. The table is organized into several columns, with the first column listing various categories or companies. The subsequent columns contain numerical data, possibly representing financial figures or statistics. The text is heavily distorted and blurry, making it difficult to read. The overall layout suggests a detailed financial report or a list of data points.

INVESTMENT TRUSTS - Cont.[illegible]

24	174.7	6.7
1.0	141.8	28.9
1.8	237.9	6.9
1.7	415.7	6.9
8.1	430.7	15.5
1.1	506.4	16.7
6.8	112.3	12.2
0.8	59.2	11.9
6.2	330.3	20.5
0.5	171.2	11.9
1.1	58.7	12.3
3.7	343.0	10.0
2.9	131.4	4.3
1.8	331.1	14.7
0.8	513.6	20.0
1.8	126.3	14.2
1.4	108.1	7.2
1.2	98.3	14.1
6.3	102.2	10.0
1.7	96.7	13.3
5.7	130.7	44.4
1.7	72.1	6.9
2.6	132.8	2.7
1.7	147.5	15.5
3.7	171.2	18.7
2.4	161.8	14.2
0.8	108.1	14.9
2.1	171.2	14.2
1.7	161.8	16.5
1.4	69.2	13.3
1.7	102.2	14.2
2.6	132.8	17.7
0.8	108.1	14.9
2.6	158.4	14.5
1.7	226.8	14.2
10.0	20.2	2.9
0.8	171.2	15.5
0.4	118.4	11.3
1.8	131.4	14.2
1.8	131.4	14.2
1.8	171.2	14.2
0.8	171.2	14.2
2.1	200.0	14.2
1.8	131.4	14.2
1.8	164.8	48.4
0.7	121.2	11.3
1.8	237.9	14.2
1.8	237.9	14.2
2.6	351.5	15.3

White Cotton	157	-1	156
Wendur	72	-1	71

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Warrants	11
Edinburgh Dragon	+1

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Warrant	100	100	100
Flaming Ocean	100	100	100
Flaming Sea	100	100	100

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Malenkov Suite	182	—	120
Kings D'Arcy	343	—	21

Country	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	29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**mini
REUTERS**
The free online database

Crash Site	274	712
Ordnance	1571	712
Explosion	185	

	Notes	Price	+ or -
Roomcare	271.4	---	---
Bedside Init	80	---	---
Care Final	128.1	---	---
Care UR	118	---	---
Cobles Ind	197	---	+3
Community Hosp	372.1	---	---
CrossCare	27.4	---	---
CrossCare	371	---	---

Notes	Price	+ or -	High	1997
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COMPANIES AND FINANCE

CBS president resigns over shake-out

By Christopher Parkes
in Los Angeles

Westinghouse Electric shares surged yesterday on news of a shake-out which has prompted the abrupt departure of Mr Peter Lund, president of its CBS television and cable division.

The management rift stemmed from a decision to shift control of 14 television stations to Mr Mel Karmazin, head of radio, leaving Mr Lund with control over the CBS broadcast network and its growing clutch of cable channels.

The group's stock had climbed nearly 10 per cent by lunchtime yesterday to \$21, as the company moved to affirm its confidence in key executives in charge of the network's entertainment, sports and news divisions.

They will now report directly to Mr Michael Jordan, group chairman, who engineered the plan to split Westinghouse into two separate companies later this year. All entertainment operations are being bundled into CBS Corp, and the industrial rump continues under the existing group name.

The changes strengthen the hand of Mr Karmazin, former chairman of Infinity Broadcasting, a group of radio stations acquired by CBS last year in a stock deal worth almost \$5bn. The deal left him as the biggest individual shareholder in the group.

Radio is the fastest-growing media delivery business in the US, and the biggest contributor to CBS revenues and profit. The network, despite making substantial ratings gains last month, is dogged by inroads into its audience by cable and satellite services.

Although it currently stands second to General Electric's NBC network in terms of overall popularity, it is the fourth most-popular service among the 18 to 39-year-olds coveted by advertisers.

Mr Lund, who has been with CBS since 1977 and took control of the network in 1995, has been overshadowed lately by the aggressive Mr Karmazin, who is now seen as a potential successor to Mr Jordan as chairman of the new CBS company.

His most urgent task will be to restore the fortunes of the CBS-owned stations, which showed flat profits in the first quarter when the radio division, bolstered by the Infinity acquisition, more than doubled its earnings.

Mr Jordan appears to have the tougher job turning round the loss-making broadcast network, although recent audience surveys offer some encouragement. CBS prime time ratings rose 8 per cent in the May sampling period, while the other leading networks lost ground. He is also expected to continue building CBS's cable channel operations.

Provisions hamper Japan's bank recovery

By Gillian Tett in Tokyo

Japan's 10 largest commercial banks scrambled to tackle their bad debt mountain again last year, ahead of the government's plans to deregulate the financial sector through its proposed "Big Bang" reforms.

But while the so-called "city banks" are gradually reducing their debt burdens, provisions continue to eat heavily into recurring profits.

And with the banks' operating profits falling last year - and forecast to drop again this year - there were signs that the gap between the stronger and weaker banks was widening.

Measured overall, nine out of 10 of the banks reported an upturn in recurring profits in fiscal 1996. The one exception was Dai-ichi Kangyo Bank, which made fewer

provisions for bad loans in the 1995 fiscal year - and so tried to catch up last year with a large bad loan write-off that pushed its recurring results into the red.

But excluding DKB, the sector managed to report some ¥2.3bn (\$19.8m) of recurring profits - a sharp contrast to the previous year's loss of ¥1.477bn.

This recurring figure was low because of the scale of the bad loan write-offs, which analysts calculated were well over ¥3,000bn for the sector.

Although this was below the ¥6,300bn for the previous year, analysts yesterday welcomed it as a sign that many banks remained committed to repairing the damage left by the collapse of the 1980s property bubble.

Meanwhile, with all the banks posting BIS capital asset ratios of between 8.7 per cent and 9.28 per cent, there is little danger of any bank breaching the capital adequacy ratios at the moment - although some analysts suspect the banks may still need to raise more capital in the current year.

The widening gap

	Operating profits (¥bn)	% change	Total bad loans (¥bn)
Top 10 banks	23.3	+16.6	911.8
Sumitomo	281.7	-15.4	1,429.1
Mitsubishi	263.2	-24.8	1,339.4
Fuyo	338.2	-15.4	911.6
Sanwa	355.3	-27.6	870.2
Industrial Bank of Japan	152.6	-23.3	824.1
Marubeni	161.8	-28.1	958.8
Dai-ichi Kangyo Bank	66.2	-30.6	565.3
Hokkaido Tokai	56.0	-9.3	932.8
Others	2,897.0	+23.2	10,121.1

Source: Companies

in Japanese interest rates in the autumn improved their trading positions and lending spreads.

However, last year there were signs that this trend was ending as operating profits fell 33 per cent. This was partly because of higher credit costs. And with interest rates no longer on a clear downward trend, bond trading was no longer as healthy.

But on top of this, increased competition for lending - hitherto a key business focus for the city banks - drove down lending spreads.

This problem is now expected to get worse: the banks warned of a 14 per cent fall in operating profits for fiscal 1997.

Nevertheless, some of the trends in the banks' underlying business appeared less encouraging.

In fiscal 1995 they reported high levels of operating profits, largely because the falls

INTERNATIONAL NEWS DIGEST

ASkyB in talks with PrimeStar

ASkyB, News Corporation's fledgling US satellite media venture, is in partnership talks with PrimeStar, the sector's second-biggest operator. "Ongoing" negotiations were confirmed yesterday by Telecommunications Inc, PrimeStar's biggest shareholder.

Mr Rupert Murdoch's group, which this month abandoned a merger with EchoStar, had been expected to seek a new partner rather than wait until next year to launch its own operation.

DirectTV, the industry leader and a subsidiary of General Motors, has the strongest hold on the market and shares its satellite platform with another leading operator, USSB.

Despite public antagonism between Mr Murdoch and Mr Ted Turner, vice-chairman of Time Warner, one of PrimeStar's shareholders, the business was expected to be ASkyB's first port of call after it backed out of the EchoStar deal.

ASkyB's nationwide spectrum and plans for high-power satellites offering a vast range of entertainment, communications and business-to-business services, plus News Corp's international experience, could transform PrimeStar into a formidable competitor for DirectTV.

Christopher Parkes, Los Angeles

NSE wins legal backing

The Norwegian Stock Exchange has won legal backing for its cancellation last year of a contract for a new trading system with Logica, the UK software company. Logica, which was accused by the Oslo bourse of delays, has sought damages of more than Nkr50m (\$4.2m) for breach of contract. An agreement to supply an integrated trading system for bonds, equities and derivatives was signed in 1991. The system had been due to come on stream late last year. An independent Norwegian arbitrator ruled that severance of the agreement was justified. The judgment means the bourse can invoke a bank guarantee for Nkr7.2m of pre-payments made to Logica. Logica's damages claim and a counter-claim by the stock exchange remain pending.

Grieg Meloy, Stockholm

McDonald's Kiev

McDonald's will conquer another former Communist territory at dawn today, when the hamburger purveyor opens branches in Kiev, the Ukrainian capital. Over the weekend, two McDonald's restaurants will open in Kiev and the company hopes to open 20 across Ukraine by 2000.

Christina Frelund, Kiev

Endesa fined Pta300m

Spain's CNMV securities commission yesterday broke new ground when it imposed a Pta300m (\$2.1m) fine on state-controlled power generator Endesa for failing to disclose information, and opened a related investigation into share purchases by Banco Bilbao Vizcaya. The commission said the fine, which followed an inquiry into Endesa's Pta200bn bid last October to increase its stake in two regional utilities, was the biggest ever in a case of this kind. However, Endesa's former president Mr Feliciano Fuster and finance director Mr Jose Luis Palomo were absolved from responsibility. The operation, apparently government-orchestrated, raised Endesa's holdings in Sevillana de Electricidad and Fesat to 75 per cent from 40 per cent and 49 per cent, respectively.

David White, Madrid

Thai Danu scraps takeover of Finance One

By Ted Sardaacke
in Bangkok

Thai Danu Bank's takeover of Finance One, described by Thai financial authorities as the model for cleaning up the country's ailing financial sector, was scrapped yesterday.

Thai Danu said it could not complete the deal because of problems in determining the value of

Finance One's rapidly collapsing assets and because of unclear legal and tax implications of a merger between two financial institutions.

Executives said that in the process of due diligence at Finance One, the country's largest finance company, assets were found to be of such poor quality that it was not even worth putting a price on them.

In addition, the time needed to complete the deal would render any share swap ratio meaningless, as the future value of assets could not be determined.

The collapse of the deal puts the whole consolidation of the Thai financial sector in doubt as similar problems in the mergers of other troubled companies will be encountered, analysts said, with many finance companies unlikely to be worth anything once their bad loans are written off.

Finance One said yesterday that it lost Bt3.75bn (\$464m) in the first quarter of this year compared with a net profit of Bt832.6m last time. On the grey market its shares are trading as low as Bt3 per share, compared with an official price of Bt23.75 at their suspension in March.

The Thai government has hinted it will step in with a taxpayer-backed rescue of the company.

Finance One said it would raise capital by issuing Bt2.25bn in new shares to stay in business.

Those shares will be offered to existing shareholders first, but Mr Pin Chakkapak, chief executive, said the central bank's financial institutions rehabilitation fund would be the buyer of last resort.

With Thailand facing its first budget deficit in a decade, this move is likely to be politically controversial. The government's other options are to relax restrictions on foreign ownership and let an international company take a majority stake in the company, or to set a new precedent for Thailand and let Finance One fail.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NewWest Securities Ltd. was a co-founder of the indices.

International Standard & Poor's in conjunction with the Faculty of Accounts and the Institute of Actuaries, Northwest Securities Ltd was a co-jointer of the Indices																	
NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines	US Dollar Index	Day's Change %	THURSDAY MAY 22 1997					WEDNESDAY MAY 21 1997					DOLLAR INDEX				
			Porting	Yen Index	Local Currency Index	Local % change	Gross Div. Yield	Porting	Yen Index	Local Currency Index	Local % change	52 week High	Year ago change				
Australia (76)	234.33	0.0	212.54	171.72	206.28	199.63	0.3	3.88	234.37	210.74	199.25	208.53	199.02	234.37	188.44	204.49	
Austria (24)	187.14	-0.1	178.82	144.47	173.50	173.50	-0.2	1.87	187.38	177.48	142.54	173.94	173.89	187.38	174.70	173.94	
Belgium (28)	249.83	0.1	228.70	183.16	220.02	215.42	-0.1	3.32	249.72	222.45	180.33	220.06	215.42	249.83	206.70	212.21	
Brazil (20)	257.84	-0.3	233.69	188.81	226.81	207.30	-0.2	1.41	258.50	232.44	186.67	227.78	208.51	258.50	162.65	171.06	
Canada (113)	205.22	0.1	186.14	150.39	180.68	203.78	0.5	1.91	204.96	184.30	148.01	180.81	202.81	205.22	154.12	184.51	
Denmark (32)	386.53	-0.8	350.00	283.27	340.27	338.95	-0.9	1.49	389.66	350.37	281.38	343.37	342.04	389.66	292.69	308.80	
Finland (26)	278.71	0.2	250.99	222.79	243.80	236.42	-0.2	1.54	276.17	243.53	196.43	243.36	246.00	276.17	188.67	192.55	
France (211)	229.11	-1.4	207.81	167.40	201.69	204.92	-1.5	2.78	232.28	208.86	167.73	204.09	207.99	232.34	186.94	193.70	
Germany (59)	212.29	-0.3	192.55	155.57	186.88	188.88	-0.4	1.51	212.97	191.50	153.79	187.67	187.67	212.97	167.18	168.22	
Hong Kong (68)	305.57	-0.1	283.57	230.50	243.07	230.16	-0.1	3.01	306.85	283.54	230.50	243.07	230.16	305.57	247.54	257.54	
Indonesia (27)	223.34	0.0	202.58	163.68	198.61	194.59	0.0	1.71	223.30	200.79	163.68	198.61	194.59	223.30	163.68	194.59	
Ireland (15)	346.63	-0.1	314.43	254.02	305.15	322.11	-0.2	3.02	347.05	312.06	250.51	305.82	322.80	346.63	270.00	278.95	
Italy (59)	300.91	-1.1	282.48	228.82	280.03	273.19	-1.1	2.22	301.83	282.88	228.82	280.03	273.19	300.91	232.65	263.65	
Japan (489)	130.79	-1.4	118.09	95.41	114.61	95.41	0.1	1.82	130.79	118.09	95.41	114.61	95.41	130.79	95.41	95.41	
Malaysia (107)	255.68	0.4	232.58	183.60	202.24	206.07	0.4	4.28	255.68	232.58	183.60	202.24	206.07	255.68	510.10	559.08	
Mexico (27)	144.01	0.5	130.79	109.76	128.93	124.03	0.7	1.21	143.01	129.34	109.76	128.93	124.03	144.01	110.33	132.95	
Netherlands (19)	378.38	-0.1	341.37	275.81	331.31	326.90	-0.2	2.38	378.38	341.37	275.81	331.31	326.90	378.38	299.99	308.80	
New Zealand (14)	382.42	0.4	362.20	294.79	327.82	327.82	0.5	4.28	382.42	362.20	294.79	327.82	327.82	382.42	175.84	80.00	
Norway (41)	311.08	0.7	282.17	227.97	273.95	297.32	0.7	2.07	308.80	277.87	222.98	272.12	295.24	311.08	242.03	243.03	
Philippines (22)	156.25	2.9	141.73	114.51	137.55	130.42	2.9	0.91	151.89	136.58	109.68	133.85	130.42	156.25	114.51	130.42	
Singapore (42)	388.51	-0.3	362.38	284.71	342.01	326.29	-0.3	1.17	389.89	362.38	284.71	342.01	326.29	388.51	308.80	308.80	
South Africa (44)	368.46	-1.1	329.33	261.23	313.80	348.37	-0.8	2.45	368.46	329.33	261.23	313.80	348.37	368.46	243.03	243.03	
Spain (35)	253.90	-0.7	230.29	186.06	223.51	274.30	-0.8	2.36	253.90	230.29	186.06	223.51	274.30	253.90	171.91	322.15	
Sweden (49)	481.84	-0.5	418.91	338.45	406.57	371.92	-0.1	2.00	484.02	417.24	338.45	406.57	371.92	481.84	304.36	350.06	
Switzerland (33)	388.53	-0.2	368.53	273.50	342.01	326.29	-0.2	1.22	388.53	368.53	273.50	342.01	326.29	388.53	308.80	308.80	
Thailand (43)	83.85	-1.9	77.91	64.79	56.21	63.95	-3.2	4.00	83.85	77.91	64.79	56.21	63.95	83.85	148.09	57.76	174.00
United Kingdom (211)	300.00	-0.7	272.12	218.85	284.10	272.12	0.2	3.86	302.07	272.12	218.85	284.10	272.12	300.00	238.83	238.83	
USA (652)	336.15	-0.4	306.71	247.81	287.68	338.15	-0.4	1.81	336.15	306.71	247.81	287.68	338.15	336.15	247.81	287.68	
Americas (822)	306.65	-0.4	280.87	228.93	272.60	280.69	-0.4	1.80	310.91	278.57	224.52	273.98	261.67	311.30	233.00	262.00	
Europe (729)	283.33	-0.6	258.85	192.88	231.82	241.59	-0.3	2.03	284.78	258.85	192.88	231.82	241.59	283.33	192.88	231.82	
Asia (150)	307.20	-0.3	280.35	221.14	248.73	288.10	-0.1	1.96	308.46	280.35	221.14	248.73	288.10	307.20	221.14	248.73	
Pacific Basin (882)	148.59	-1.0	134.77	108.89	130.80	109.35	-0.1	1.31	150.13	134.99	108.81	132.50	109.23	150.13	108.81	132.50	
Europe-Pacific (1607)	196.45	-0.8	178.18	143.98	172.94	159.22	-0.1	2.04	197.96	178.00	143.98	172.94	159.22	196.45	143.98	172.94	
North America (1659)	330.06	-0.4	299.36	241.28	260.56	329.27	-0.4	1.81	331.43	299.36	241.28	260.56	329.27	330.06	241.28	260.56	
Europe Ex. US (514)	271.51	-0.5	215.43	174.06	206.09	219.62	-0.6	2.06	236.55	215.43	174.06	206.09	219.62	271.51	174.06	206.09	
Pacific Ex. Japan (397)	306.67	-0.2	278.16	224.74	269.97	268.31	-0.3	2.82	306.16	275.20	221.09	269.79	268.55	306.67	224.74	269.97	
World Ex. US (1921)	198.79	-0.7	181.22	148.42	176.89	165.48	-0.1	2.03	201.24	180.85	143.92	172.33	165.03	198.79	148.42	176.89	
World Ex. UK (2265)	206.32	-0.6	216.18	174.88	209.81	209.27	-0.3	1.74	206.12	216.18	174.88	209.81	209.27	206.32	174.88	209.81	
World Ex. Japan (1988)	301.89	-0.4	273.82	221.23	265.76	260.65	-0.3	2.15	303.17	272.61	221.23	265.76	260.65	301.89	221.23	265.76	
The World Index (2473)	243.81	-0.5	220.96	178.53	214.45	215.00	-0.2	1.83	245.05	220.96	178.53	214.45	215.00	243.81	178.53	214.45	

Japan surge may have hit Tiger hedge fund

By Simon Kuper in London

Tiger, thought to be the world's second-largest hedge fund with about \$3bn in investment assets, may have suffered severe damage from the recent surge in the Japanese stock market.

Jaguar, a Tiger hedge fund with investable assets of about \$5.7bn, had been heavily selling Japanese stocks through the end of April, according to documents obtained by the Financial Times. Since then, the Japanese market has risen more than 4 per cent.

Hedge funds are private funds that bet large sums on a small number of investment prospects and often speculate on falls and rises of stocks or currencies. They became famous in 1992 when Mr George Soros, chief of Soros Fund Management, made \$1bn by betting that sterling would be devalued.

The leading hedge funds

wield great influence in the markets because of their large resources and ability to use leverage. They are highly secretive, but rumours of their moves are often taken up by other investors.

Jaguar's speculations against Japanese equities (short positions) as of April 30 were larger than those against equities in any other market, and four times the size of its Japanese long positions. Tiger refused to comment.

Mr Julian Robertson, founder and chairman of Tiger, has said many Japanese stocks - including particularly banking stocks - are overvalued. But the Nikkei 225 index has risen 4.48 per cent since the start of May, while banking sector stocks have gained 4.83 per cent.

Jaguar, a Netherlands Antilles-based fund, has achieved gross returns of 34.4 per cent since the start of its fiscal year on October 1 1996.

Jaguar's assets are believed closely to match those of Tiger's US-based funds. Tiger has four funds, each with 100 investors. The minimum investment is \$10m. It achieved a return of 48 per cent for 1996.

Most hedge funds were hit by the fall in bond markets in 1994 but have recovered since, although they have yet to regain their stature of the early 1990s.

About 59 per cent of Jaguar's long equity positions are in US stocks. The fund's largest exposure as of April 30 was its 7 per cent holding in US Airways Group.

Omega Overseas Partners, a hedge fund that is part of the \$3bn Omega group, achieved an 8.19 per cent return before incentive fee in the first quarter of 1997, according to documents obtained by the Financial Times. It achieved 68 per cent of that return on currency positions.

Russian metals group in bankruptcy warning

By Stefan Wagstyl in London and Greg Mcivor in Stockholm

Norilsk Nickel, Russia's biggest metals group, yesterday warned it was showing signs of bankruptcy, as it reported a consolidated loss for 1996 of 3,290bn roubles (\$571.9m). It said it needed radical action within six months.

The warning, which offered no explanation of the trading position, highlights the financial difficulties facing many large Russian enterprises as they struggle to cope with the economic confusion caused by the collapse of communism. The warning caused little surprise in the metals markets, even though Norilsk is the world's second-biggest nickel producer, the largest supplier of palladium and the third-biggest source of platinum.

Traders said the company's financial difficulties were already well known, not least because its workers have regularly staged short strikes over non-payment of wages.

Johnson Matthey, the precious metals company, said: "It is a statement of what the world is already aware of and the market already knows."

On the London Metal Exchange, the price of nickel for delivery in three months fell \$110 to close at \$7,530 a tonne. At yesterday afternoon's London "fix", palladium fell \$4 to \$171.25 a troy ounce and platinum was \$1.35 off at \$988.50 a troy ounce.

Nickel is used extensively in making stainless steel. Platinum and palladium are used in industrial catalysts. Western countries rely heavily on Russian production of all three metals. Analysts said that despite Russia's economic difficulties, metal supplies to the west had proved fairly stable in the 1990s.

Norilsk is controlled by Uneximbank, a leading Russian private bank, which took over the government's dominant 38 per cent shareholding in 1995.

THE LEX COLUMN

Beijing bubbles

Even in the hands of Mr Jack Welch of General Electric fame, Beijing Enterprises' motley crew of businesses - from switching equipment and fast food to brewing and a bit of the Great Wall - would not spark much enthusiasm. But since they are in the hands of the Beijing municipal government, the share offer will be well over 1,000 times over-subscribed. For share application form, read lottery ticket.

Making a fundamental analysis of Beijing Enterprises is like standing in front of a juggernaut. But at 19 times forecast earnings, Beijing Enterprises is being issued at a chunky premium to conglomerates like Hutchison Whampoa or Swire Pacific, whose businesses offer far more visible growth prospects. Moreover, municipal governments the world over are hardly renowned for business savvy.

Nonetheless, investors will be happy to pay substantial goodwill for Beijing Enterprises' connections and the hope that its parent will pass on attractive businesses at knock-down prices. Without a parental "for sale" list, it is hard to value that goodwill. The level of demand suggests Peregrine and Morgan Stanley, the sponsors, made a hopeless stab at it when pricing the shares. After all, the fevered response to recent Chinese issues provided pointers to demand. The obvious solution would have been to auction the shares through a tender offer. But then the sponsors are investing HK\$57m each in the company at the issue price, which is not the best incentive to maximise the proceeds to Beijing.

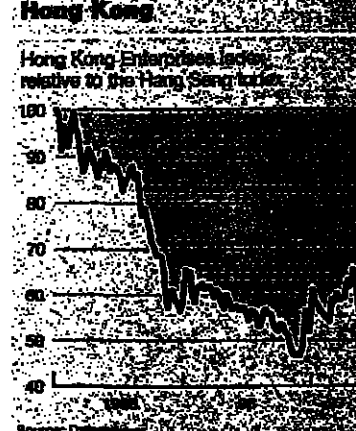
Bank of England

Mr Gordon Brown's first weeks as UK chancellor of the exchequer deserve full marks for policymaking élan, but rather fewer for tact. This week's semi-public friction with the governor of the Bank of England has been damaging and unnecessary. And the chancellor is to blame. Why? Because whatever one thinks of Mr Brown's revolution in City regulation, the governor should plainly have been properly consulted. Far worse, when the governor's understandable irritation became publicly known, was to allow anonymous Labour spin-doctors to pronounce that he had thereby "played into the government's hands". In other words, the spat made it easier to lose the present governor when his contract expires next year and replace him

FTSE Eurotrack 200:

2382.4 (-1.0)

Hong Kong



with someone more politically compliant.

Thus we are in a dangerous position. Mr Brown rightly wants an operationally independent Bank - but he proposes to take this bold step while failing to discourage the impression that the governor in some way lacks the government's full confidence. This is unwelcome for three reasons. First, the new independent Bank is hardly going to find it easy to win credibility if the governor's position looks insecure. Second, the present incumbent enjoys far more confidence in the markets than any potential alternative. And third, the institution is not going to look independent if politics appear so prominent in the appointment. Mr Brown has some urgent bridge-building to do.

Norwich Union

Imagine you are that unfashionable thing - a fundamental investor. What would you make of the valuation being bandied about for Norwich Union?

It is not impossible to get to a valuation in the 240p-290p range set this week. Consider Norwich's life business first. Its new business profitability is improving but still lousy. For the sake of argument assume the management can improve margins to close to the industry average. Putting those hypothetical profits on to a same multiple - say 12 times - would justify a premium of £700m to embedded value. Then take the non-life business and assume, charitably, it is worth net asset value. Such kindly logic would value Norwich at around £5.3bn, or 270p a share.

Why though is the rumour mill

talking the price higher still? Inevitably, a technical squeeze is expected as sheeplike institutions get weighted in the stock. Meanwhile, the same impulse has driven life sector valuations higher, flattening Norwich by comparison. Fair enough, but remember: the squeeze will not be as pronounced as with the building societies for the simple reason that institutions are also being offered a chance to buy a big chunk of new Norwich stock directly.

For members, the offer to buy shares at a 10 per cent discount is pretty much a no-brainer. But they would be well-advised to sell promptly. The chances are that a post-offer price spike will offer individual investors a rare opportunity to profit at institutions' expense.

UK retailers

It is all rather curious. Only a month ago the Bank of England was warning about the "unsustainable" level of domestic spending. It continues to predict above-average consumption growth over the next year or so. Yet the view from the high street is much more subdued. While stores like Next and Marks and Spencers have managed to turn in good results, many others have disappointed. This has taken its toll on sentiment. Indeed, the sector has suffered an ugly fall from grace - a premium rating of nearly 20 per cent has disappeared over the past 12 months.

Part of the problem was the uncertainty introduced by the election campaign. Many consumers postponed big ticket purchases. And until the mini-Budget is out of the way, politics will continue to dampen sentiment. Investors still need to work out just how the fiscal/monetary balance has changed under the new government, and what this means for retailers. Even if sales do pick up, all is not rosy in the garden. Margins have also been narrower than expected. The problem lies with costs, the evidence suggesting that retailers are having to spend more to get customers into the store.

Relative immunity from sterling strength should ensure earnings growth ahead of the market. This will allow the sector to regain some of its premium. But it is difficult to be enthusiastic about a favourable demand backdrop produces disappointing earnings, what will happen when the economy dips? The light to quality looks likely to persist.

Top Japanese bankers quit as gangster scandal grows

By Gillian Tett in Tokyo

The scandal over links between Japan's financial industry and corporate racketeers claimed fresh victims yesterday as senior executives resigned from Dai-ichi Kangyo Bank, one of the country's largest banks.

Mr Katsuhiko Kondo, president of DKB, and Mr Tadashi Okuda, chairman, announced that they would step down, after admitting that DKB had made questionable loans to a company linked to *sokaiya* - corporate gangsters who demand money in exchange for not revealing sensitive company information.

The move comes after Nomura, Japan's largest securities house, admitted it also had financial links with *sokaiya* via a property company. Sixteen Nomura directors have since resigned in the largest corporate reshuffle in recent Japanese history.

However, the DKB scandal represents a significant escalation of the affair because it fuels suspicion that the recent Nomura revelations are only a hint of a wider network of contacts affecting much of the financial sector.

Meanwhile, in a sign that the government is taking a stronger stance over the issue, Mr Hiroshi Mitsuoka, Japan's finance minister, warned that DKB could not assume the episode would finish with the resignations.

"The most important thing is that DKB clarifies why it made such a shady loan," he said.

Ministry of Finance officials suggested the bank may have falsified accounts to conceal these problem loans - and warned that the ministry could impose penalties on DKB if its investigation found incriminating evidence.

The warnings come as Nomura waits to hear what

penalty it will face for its own scandal, following the arrest of three former Nomura executives last week. Under Japanese law, payments to *sokaiya* are illegal.

Mr Kondo, who, along with Mr Okuda, will be retained by DKB as an adviser, insisted that he had not been aware that the company had financial links with *sokaiya* related groups.

However, he admitted that DKB had made a loan of about ¥26bn (\$206m) to Mr Yoshinori Koike and Mr Ryuchi Koike, brothers who ran a property company at the heart of the Nomura scandal and who were arrested last week. The loans started in 1985, Mr Kondo said, but in recent years part of them had become unrecoverable.

DKB said vice-presidents Mr Ichiro Fujita and Mr Yoshiharu Mani would be appointed as the new president and chairman.

Companies in this issue

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Barlo	22	Finance One	23	Selara	23
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Dawson	23	McDonald's	22	Vodafone	23
Davenny Pictures	5	McDonald's	22	Westinghouse	23
Delta Air Lines	2	McD Douglas	2	Zeneca	22

Markets latest

FTSE 100	2,382.4	(-1.0)
Yield	3.81	
FTSE Eurotrack 100	2,387.19	(-2.11)
FTSE All-Share	2,216.7	(-0.2%)
Nikkei	20,000.0	(+31.51)
New York S&P 500	7,286.87	(+8.74)
S & P Composite	941.06	(+5.42)
LONDON MONEY		
3-mo Interbank	0.8%	(same)
Libor 6m	1.2%	(same)
US LIBOR RATES		(same)
3-mo Time 500 Yld	5.15%	
Long Bond	6.9%	
Yield	5.97%	
NORTH SEA OIL (Augs)		
Brent Dated	\$20.22	(20.11)
Brent Dated	\$20.22	(20.11)
GOLD		
New York ComexDec	\$342.8	(+4.2)
London	\$342.85	(+4.25)

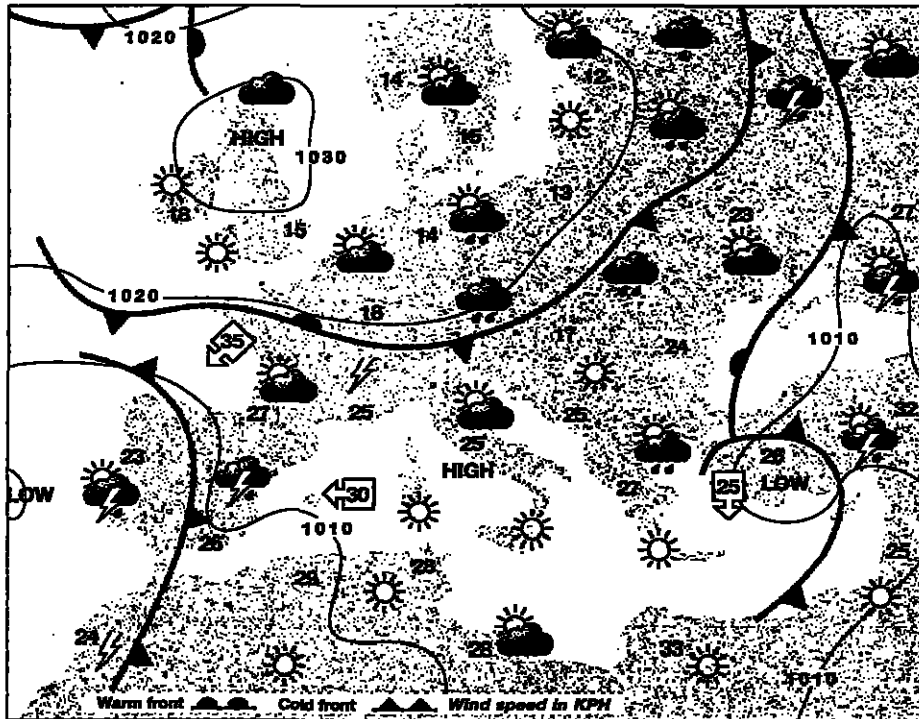
FT WEATHER GUIDE

Europe today

High pressure will provide sun in Ireland, southern England, the western Benelux and France. Scattered cloud will develop in the interior of the Benelux and France. A band of cloud and patchy rain will stretch from central France across the Alps into southern Poland and the Ukraine. The Iberian peninsula will have thundery showers. Southern Italy, the Balkans and Greece will be dry, warm and sunny. Showers will develop in Bulgaria and Turkey, but they will be interspersed with sun.

Five-day forecast

Cloud will persist in the northern UK, but the rest of the UK will be sunny. Settled conditions are also expected for the Benelux, France and Germany. South-east Europe will remain sunny, with isolated thunder showers. The Iberian peninsula will become more settled.



TODAY'S TEMPERATURES

Abu Dhabi	30	Beijing	33	Caracas	31	Fero	20	Madrid	25	Rangoon	32
Acara	30	Belfast	16	Casablanca	21	Frankfurt	18	Manila	27	Reykjavik	8
Algiers	29	Berlin	14	Chicago	21	Geneva	21	Moscow	17	Rio	25
Amsterdam	13	Bombay	27	Cologne	15	Glasgow	15	Mumbai	33	Rome	25
Athens	27	Buenos Aires	19	Dakar	27	Hamburg	13	Nairobi	23	Sao Paulo	23
Atlanta	27	Buenos Aires	19	Dallas	31	Heidelberg	12	San Francisco	19	Singapore	23
B. Aires	14	Calcutta	30	Delhi	41	Hong Kong	25	Shanghai	28	Stockholm	15
Bham	14	Chengdu	19	Dubai	38	Kobe	23	Singapore	28	Sydney	17
Bangkok	37	Chongqing	25	Dublin	15	Kuala Lumpur	32	Singapore	28	Taipei	24
Barcelona	23	Cairo	20	Dubrovnik	15	London	16	Singapore	28	Tokyo	19
		Cape Town	20	Edinburgh	15	Los Angeles	16	Singapore	28	Toronto	20
						Las Vegas	24	Singapore	28	Vancouver	16
						Lima	25	Singapore	28	Vancouver	16
						Lisbon	16	Singapore	28	Vancouver	16
						Luxembourg	16	Singapore	28	Vancouver	16
						Lyon	22	Singapore	28	Vancouver	16
						Madrid	21	Singapore	28	Vancouver	16

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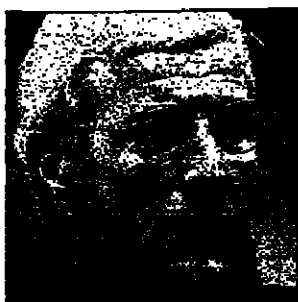
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FT

WEEKEND

MAY 24 / MAY 25 1997



Modest Lippi

'How does it feel to be manager of the best football team in the world? He recoils in slight embarrassment.'



Eye-tech

'The surgeon with a laser promises the spectacle or lens wearer a permanent release from drudgery and expense.'



Germaine Greer

'The countryside is everywhere a scene of carnage, but the struggle for life on my rough patch of Essex is desperate.'

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Shlomo Lahat was fundraising in Latin America when the six day war broke out on June 5 1967.

"I was deputy commanding officer of the Israeli armoured corps. I was given leave to travel and raise money from among the Jewish community. The finance minister, said to me 'Chich [my nickname], don't be a fool. There'll be no war. Bring us back money'."

At 4pm the next day, Lahat was back - at military headquarters in Tel Aviv. He had returned to a country at war with Egypt, Jordan and Syria.

"Moshe Dayan, the former defence minister, ordered me to Jerusalem. He asked me to be the first military commander of East Jerusalem. He wanted me to keep order, to stop any revenge," said Lahat, born in Berlin in 1927.

Jerusalem was in turmoil. Thousands of the 67,000 Arabs from the eastern part had begun to flee, fearing retribution from the advancing Israeli forces.

"When the fighting ended on June 10, I went to the Western Wall," said Lahat. "It was very emotional. We had a feeling a dream had been fulfilled. That we had come home."

Lahat soon consolidated Israel's control over the city, now united, at least in name. Palestinian leaders refused to co-operate rather than legitimise Israel's rule over East Jerusalem.

"The Arabs were sad and confused. I arranged round-the-clock fleets of buses," continued Lahat. "Those who wanted to leave the city and go across the Allenby Bridge to Jordan could do so. I then brought in bulldozers to clear the area around the Wailing Wall and demolish the run-down Arab houses."

Lahat said he offered Palestinian residents housing, but further east, outside the Old City. He admitted that he treated them very badly. "I gave orders to the Arab leaders as if they were my subordinates," he said, suddenly interrupting his train of thought. The sun shone through his elegant Tel Aviv house.

"I told our paramilitary forces to be tough. That the Arabs were not human beings. You must understand, I belonged to that generation raised and educated on the Holocaust. In those days in Israel we felt the Arabs would do to us what the Germans did to us. We were afraid the Arabs would push us back into the sea. "After a few days commanding East Jerusalem I realised I was wrong. It was I who did not behave like a human being."

□ □ □

It lasted six days and has never stopped. There have been cease-fires but no armistice. There have been more wars - in 1973 Egypt and Syria attacked Israel; in 1982 Israel invaded Lebanon.

Thirty years after the war, called Milchemet Sheshet Hayamin in Hebrew, it is remembered as a devastating defeat by the Arab world. By many Israelis, it is worshipped as a great victory. For others, it created deep divisions, pitting those who believed Israelis were the rightful heirs to Eretz Israel, their biblical homeland in Judea and Samaria (the West Bank), against those who believed conquest would never bring peace with Palestinian neighbours.

It was those divisions which led to the assassination in November 1995 of Yitzhak Rabin, the Labour prime minister who realised peace could not be gained through conquest.

□ □ □

After a period of rising tension and provocation, Israel's air force hit Egypt's key air bases in the



No place like home

The war lasted six days - the peace has yet to start. Judy Dempsey reports

Sinai Peninsula, the Suez rectangle and the Nile Valley on that morning of June 5.

The spark had been Egypt's closure of the Strait of Tiran, thus severing Israel's gateway to Africa and Asia.

Israeli troops quickly occupied the narrow Gaza Strip, until then under Egypt. With lightning speed, Israeli aircraft also bombed Syrian positions. The military then turned its attention to Jerusalem. That was the prize.

The city had been divided since 1948 when most of its eastern half, including the Western or Wailing Wall, the Jews' most holy site, had come under Jordanian control. In the early afternoon, Arab Legion forces crossed the Jerusalem 1948 armistice lines. The Israelis responded with heavy bombardment.

The Israeli army did not stop in East Jerusalem. The map was being re-drawn on several fronts. Israel advanced across the Jordanian-controlled West Bank, the swathe of territory west of the Jordan river and home to 600,000 Palestinians.

□ □ □

A narrow dirt path leads up to the tiny two-roomed makeshift home of Halima Said in the Al-Mahata refugee camp, close to the Jordanian capital of Amman. Nearly 15,000 refugees live there, many longing for the day when they can return to Palestine.

"That is my dream," said Said. "I was born in Ramallah [less than 20km from Jerusalem]. I've been living here since 1948. Some of my relatives joined me after 1967. They feared for their lives under the Israeli occupation."

But even after nearly 50 years in the Jordan camp, Said said she was still a stranger in a foreign land. "I think about going home to Ramallah a lot," she said.

Ramallah is now under Palestinian control as a result of the 1995 Oslo Interim Agreement signed between Israelis and the Palestinians. But that means little for Said: "I have Jordanian identity papers although I am Palestinian. I cannot leave this country. It's difficult to obtain travel documents."

Her eyes turned to one of her grandchildren, sleeping in an old milk crate in the sparsely furnished room.

The right of the Palestinian refugees to return home is one of many contested issues between Israel and the Palestinian leadership. Their fate rests with the outcome of the final status talks which will also decide the future of Jerusalem, Israel's borders and the many Jewish settlements scattered across the West Bank and Gaza Strip.

Said is pessimistic: "We refugees have no say in the peace process. We are like pawns. We have never been asked what we want. Arafat is doing his best. But what can he do?"

The long-imposed exile has not weakened Said's sense of identity. The portly lady heaved herself up from the sofa and went into the adjoining room. She returned and started carefully unfolding some well-pressed clothes.

"Look," she said, delighted to have the chance to show off a long, elegantly embroidered black dress, stitched with red zig-zag palm-tree patterns. "This is Palestinian. But not only that. It

'By occupying the West Bank we became conquerors, forced to defend it'

is a Ramallah dress. You recognise it from the style of the stitching. That is my identity. I embroidered to preserve that tradition which has been passed on for generations."

Maisa, her daughter, looked on. Aged 30, she knows no other life except the squalid life of the camp which is but a short distance from the new luxurious houses springing up around Amman.

"I can embroider, too," said Maisa. "When I marry, I will wear a dress like the one my

mother showed you. And I hope the wedding will be in Ramallah. My home."

□ □ □

Levi Eshkol, the Israeli prime minister, announced plans in September 1967 to resettle Jews in the Erezion bloc.

The Erezion bloc consisted of four Jewish farm communities between Bethlehem and Hebron, founded in 1943, five years before the establishment of the State of Israel. Eshkol also appealed to Jews from the diaspora to help populate "Greater Israel". It ended any notion that Israel's occupation of the West Bank and Gaza would be temporary.

When Aryeh and Ora Rutenberg heard this, they were ecstatic. Ora's Polish-born mother had been one of the original Erezion kibbutz settlers and Ora was born there. Her family fled after its capture by Arab Legion troops in 1948.

Aryeh, born in Boston, US, in 1942, was teaching in a small school south of Tel Aviv when the six day war started. "When I heard Jerusalem was liberated I rushed to the city. I had to see the Western Wall. I knew then I would move to Israel. Many of my friends felt the same."

As soon as they could, the Rutenbergs visited the Erezion bloc. "I felt we had to rebuild the settlement. Ora wanted to return to where she was brought up."

"Not long after 1967, about 30 families came here and spread themselves out in three settlements. Today, there are 400 families, about 3,000 people, living in 15 settlements around the Erezion bloc. We hope more will come," said Aryeh.

Since 1967, successive Israeli governments have settled more than 160,000 Jews in the West Bank, mostly on land confiscated from Palestinians. Despite the peace process, Israel's conservative Likud government, led by Benjamin Netanyahu, shows little willingness to halt the settlement expansion or cede more land to the Palestinians.

Palestinians, such as Said, believe the settlement policy will make it impossible for them to establish a unified state. Many of their towns are cut off from each other by heavily guarded Israeli settlements.

Netanyahu's policies probably explain why Rutenberg has no doubt he will remain in the Erezion bloc even though parts of the surrounding land and neighbouring Bethlehem and Hebron are already under Palestinian rule. "I cannot imagine any peace plan which would question our claim to this land," said Rutenberg. He insists the land belongs to the settlers. "It is ours. It was purchased legally 70 years ago from local Arabs."

But when asked about whether Palestinians should have their own state, Rutenberg paused.

"We have no desire to rule over people who are not interested in our rule. I am in favour of governing self-rule for the local Arabs. They should have autonomy. Autonomy is the best we can hope for." The word "Palestinian" never passed his lips.

□ □ □

Shlomo Lahat quit the army in 1973. He entered politics, becoming the Likud mayor of Tel Aviv until 1983. Contrary to his party's policy, Lahat has consistently campaigned for the establishment of a Palestinian state. "I said it as soon as we occupied the West Bank and I still believe it - we should pull out. We have to give back territory," he said.

"I think about the six day war a lot," he said. "By occupying the West Bank we became conquerors so we were forced to defend it." Close to 100,000 Israeli security forces still remain in the West Bank. "To defend yourself, you mistreat people. It is very damaging for Israeli society."

In what way? "Our daily life is part of the occupation. We treat the Palestinians like second class citizens. We look down on them. They are brought in from the territories to clean the streets of Tel Aviv and do the most menial jobs. We confiscate land from them. Our soldiers are riddled with guilt. Through the occupation we failed to get security and peace. The lack of peace has not given us the society we wanted."

What sort of society is that? "Look at our society. It is full of tension. It is deeply divided between those who want to trade land for peace and those who want to hold on to the occupied territories as long as possible. We live under constant pressure. It is the price of occupation and ruling over those who do not want to be ruled by us. In 1967 we won the battle but we lost the war. It is time for peace."

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Joe Rogaly
Awkward in arias

'English is the language of just about everything except good opera.'

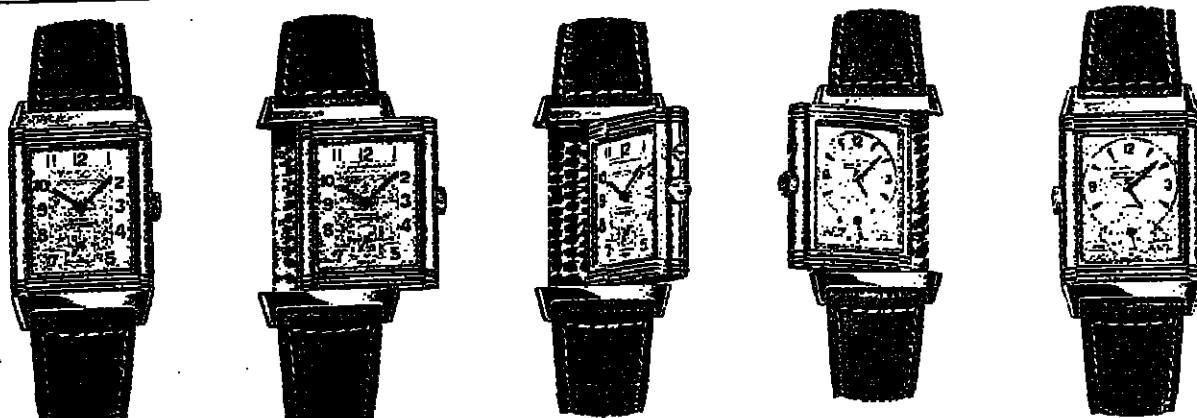
Page III

Michael Thompson-Noel
Why cool is so uncool

'So many wannabes are trying to pass for cool, the really cool are sulking in their tents.'

Page XXIV

ANOTHER TIME.
ANOTHER FACE.
REVERSO DUO.



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PERSPECTIVES

The Nature of Things

A spectacle wearer takes a second look

Laser technology may not be all the surgeons promise it to be, says Andrew Derrington

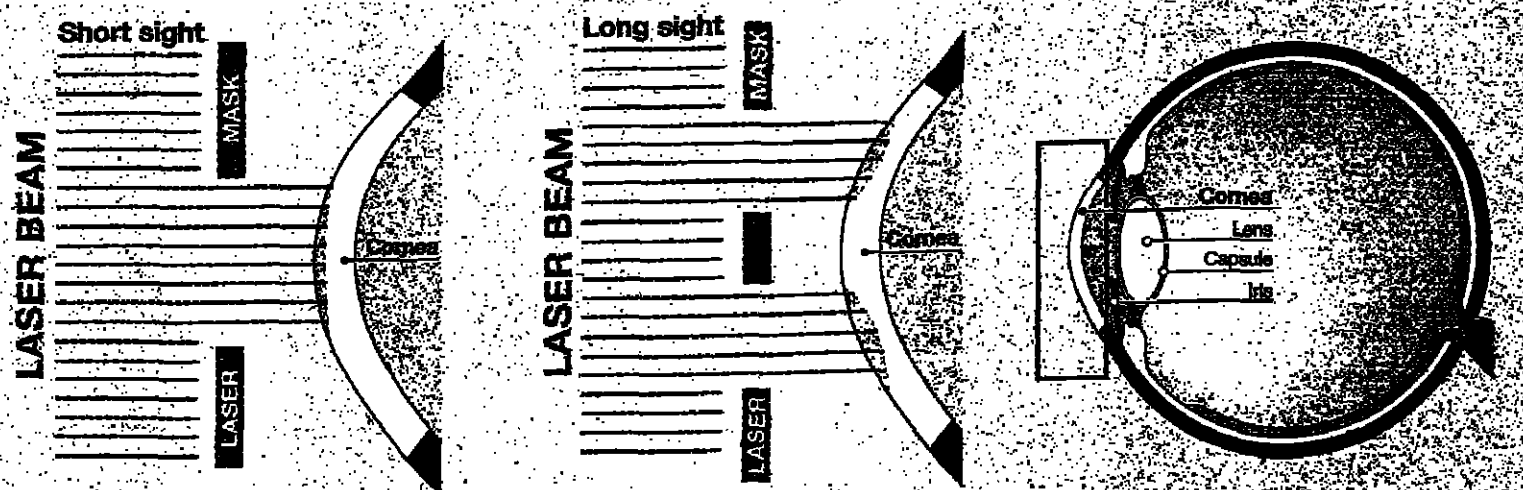
Until recently the optician's prescription imposed a life sentence on spectacle wearers like me. There was no remission from the daily inconvenience of wearing spectacles, combined with the intermittent expense of replacing them whenever changing eyesight or fashion dictated. The only escape was the even greater inconvenience and discomfort of contact lenses. But all this is over. Today, for the price of a few pairs of spectacles, the surgeon with a star-wars laser promises the spectacle wearer a permanent release from this daily drudgery and perennial expense. Treatments for short-sightedness have been around since the late 1980s but now all the main types of spectacle correction can be produced surgically. The principle behind surgical correction of eyesight is very straightforward. Instead of adding a lens in front of the eye the surgeon directly reshapes the cornea, the transparent bulge on the front of the eye. Most of the optical power of the

Thin layers of tissue are vaporised and fly off at supersonic speed

UK and hyperopia in US), which occurs when the cornea is too flat, a lens is required to bring even the most distant object into focus. Astigmatism occurs when the cornea is flatter in one direction than in another, causing lines at some angles to be blurred while others are in focus. Two simple surgical procedures correct eyesight by

altering the curvature of the front of the cornea: photorefractive keratectomy (PRK) and intrastromal corneal ring segments (ICRS). PRK takes a direct approach. A laser is fired at the front surface of the cornea. Thin layers of tissue are vaporised and fly off at supersonic speed. The curvature can be flattened by removing more tissue from the centre or it can be steepened by removing more from the edges. Early systems could only treat circular areas, which limited the treatment to myopia. Newer systems scan the laser across the cornea to produce any desired surface profile. The ICRS technique is more subtle. Segments of a perspex ring are inserted into the cornea and passed around its circumference. The ring has a profile designed to distort the cornea so that it flattens slightly in its centre to correct myopia. Asymmetric rings correct astigmatism and new shapes are being developed to make the cornea bulge outwards to correct hypermetropia. Both PRK and the ICRS

Reshaping the cornea



have limitations. PRK is irreversible. Some errors can be corrected by further treatment but the tissue can never be replaced. Some PRK patients still need to wear spectacles and, for a few per cent, even with spectacles, vision is worse after treatment than before. The ablation, or treatment, is usually applied to a 6mm disk in the centre. If the pupil becomes larger than this, vision deteriorates markedly. It becomes impossible to see low-contrast tar-

gets. This may make driving at night difficult or impossible. Scanning lasers which can treat larger areas of the cornea may overcome this problem, but it is impossible to be sure. "We encourage laser manufacturers to conduct low-light contrast sensitivity studies but most of them are reluctant," says Bruce Drum of the division of ophthalmic devices of the US Food and Drug Administration. As an alternative, the manufacturers can elect to

warn prospective patients that PRK treatment may impair vision under some circumstances. Advocates of PRK are less worried about its irreversibility. "You can always give a second treatment to correct errors," says Isabelle Brunette, an eye surgeon at the University of Montreal. Brunette has surveyed satisfaction in 126 patients who had PRK treatment in both eyes. Although more than 80 per cent found that daytime glare was worse than before

surgery and more than 30 per cent reported difficulty driving at night, 80 per cent were "very satisfied" with their treatment and 94 per cent would do it again. Although nobody knows the long-term effects of PRK, which was first used in 1983, 100,000 people were treated last year in the US alone. The ICRS technique is also in its infancy - only about 1,000 eyes have been treated so far. However, we do know that perspex implants are safe in the long term. Per-

spect has been used for ocular implants since second world war pilots were found to tolerate fragments of shattered windscreen embedded in their corneas. In the face of all this uncertainty, I shall continue to wear my life sentence as a spectacle wearer with equanimity. I can't help noticing that most of the eye surgeons I know also wear spectacles. ■ The author is professor of psychology at the University of Nottingham.

Minding Your Own Business

When time means money

Andrew Eames on a Swiss watchmaker struggling to turn the tide

Gisele Rufer is stuck. She has a concept, a good one, one that many former colleagues in the sophisticated Swiss watchmaking industry have admitted was long overdue. She also has a market which has said it will absorb whatever she can give it.

The problem: her first production has sold out, and it did not produce the capital or the cash flow with which to get a second, larger going.

The eldest daughter of a watchmaker, Rufer left school early to help in her mother's shop, only returning to her studies after her marriage. "I made the children and the Baccalaureate together," she says.

She became an artist. Art, however, produced little income and Rufer decided to return to school to qualify as an engineer, aged 39. Her first work experience was not encouraging, however. "I was a woman. They asked me to make the coffee," she says.

So she returned to her roots in the watchmaking industry and, while working for Omega, was given the task of promoting a new concept in children's watches. After three years her results were so good that she was given carte blanche to create new watches for women.

Only the carte didn't prove to be quite so blank after all. "In this business men make women's

watches," she says. They make them along the same lines as men's ranges, except with more delicacy and colour. After extensive research she had settled on two original designs particularly liked by women, but the men in the business thought otherwise. "They said it was not the image of Omega."

Deeply frustrated by the lack of enthusiasm for her women's watch designs, Rufer and freelance designer Carol Gyssax decided to push ahead with the concept on their own - at this stage, just for the fun of it. "We did it like two little girls in kindergarten. We both like everything. We both like to tell us what we couldn't do."

The watch, she says, took on a symbolic meaning. "Perhaps you can say it is post-feminist," Rufer says. "What it symbolises is that women can struggle through."

But her own struggle was destined to continue. By December 1994 the design was complete, and Rufer went back to university yet again, this time to do a five-month entrepreneurship course at Neuchâtel. She still hadn't decided to set up business on her own. Instead, she created a "very good business plan" and hawked it around all the big watchmaking brands. Their response was scathing.

"Do you think we need you to make watches for women? We've been doing it for hundreds of years," was a typical reply. After three months of this she had had enough. Angry, and increasingly determined, she decided to make the watches herself and market them under her father's name, Delance, establishing the company in April 1996. With her husband's support, Rufer collected "all the money we had and some we didn't have", totalling Sfr100,000 (£42,000). Carol Gyssax is a 50 per cent owner of the designs and will receive royalties, but is not involved in running the company.

The money raised was not nearly enough to launch the Delance design and Rufer knew it. But she had another idea. "By chance, I read how women in Africa help each other by pooling their expertise, so I asked all my friends in the industry if they would help me." All of the women she approached said they would help. Some have given very long credit, some have been promised a share of any eventual profits, some have been paid in watches, while others have worked for free. Rufer estimates the services-in-kind amount to £200,000 in labour costs.

Meanwhile, Rufer went in search of the people needed to make her design a reality. One was the case-maker. The design

of the Delance watch with its curved, almost sculpted, lozenge shape is technically very challenging. "Impossible" was the grunted verdict of most executives in the industry. Rufer approached Prêtat, the best steel case-maker in the country. But she wanted gold. It so happened that demand for steel designs has been in decline while gold is on the increase, and this case-maker needed to diversify to compete. The Delance watch was the perfect opportunity. After much hard work Rufer had 250 watches completed by the beginning of 1996, 50 in gold and 200 in steel. She had only paid for the moulds and the materials, while Prêtat, keen to promote its ability for working with gold, worked for free.

A year on, that first output has all been sold, despite prices that range from Sfr1,250 for the basic steel model right up to Sfr22,000 for a gold Delance covered in jewels. Several watches had to be given away for marketing purposes, others were given as repayment for original investment in the first production run, and 80 per cent of sales have been made by Rufer. Delance has not yet made any profit.

In the past year Rufer has taken the product to the trade. In Switzerland, a large distributor has agreed that there is a niche in the market, and would at some point take Delance watches; and



Gisele Rufer: 'In this business men make women's watches'

in the US, J.J. Hubacher, a distributor, has said it is happy with person, product and price. But in both markets Rufer says she faces a problem that is typical for any business start-up: the product needs to show it will sell before the big distributors will take orders from her.

Distributors also expect her to have at least 1,000 watches complete for a decent launch. But to make 1,000 pieces Rufer needs to raise Sfr1m. So far Rufer's main fund-raising brainwave has been to launch a Participation Certificate scheme. Investors do not become company shareholders but instead are able to buy watches at a substantial discount, and receive a twice-yearly Delance newsletter.

Participation also means they have indirectly helped the Women's World Summit Foundation, a

Swiss-based charity helping women entrepreneurs in developing countries, which receives any dividends on the certificates. Certificates sell at Sfr100 each. So far Rufer has sold 200 certificates and raised Sfr20,000. She, her husband and children own 75 per cent of the company, the remainder is owned by a scattering of shareholders. Rufer recently has also received some free and expert advice. At a conference on financing start-ups at the Ecole Polytechnique in Lausanne, she met Anne Southam-Lingard, a founder-partner of Genilem, a small business promoter established 18 months ago on a non-profit basis by a group of Swiss companies. Genilem's aim is to increase new enterprise in the

Geneva region, nursing newcomers through their first three years, free of charge.

With Genilem's expertise in marketing and drawing up business plans, Rufer has been targeting potential business angels, investors or partnerships in Switzerland and France, in search of that much-needed cash injection.

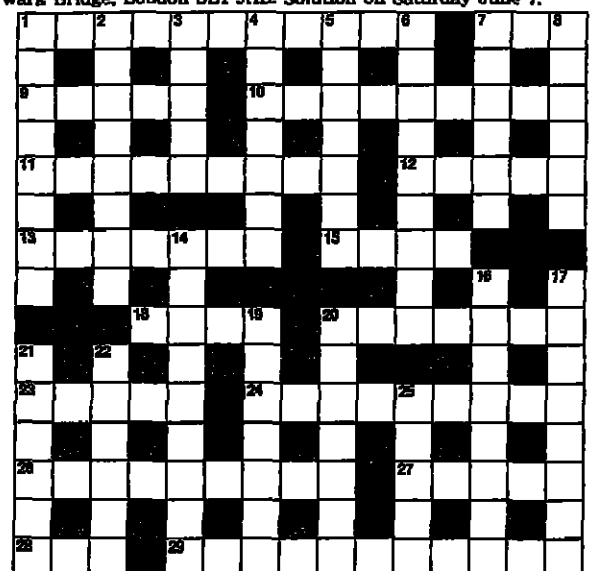
But time is of the essence. Supporters of the project who gave Rufer generous loan terms are starting to ask for their money. She knows, and Genilem knows, that in the end it is largely a question of surviving for long enough to convince an ultra-conservative business environment that the product is a sound prospect.

■ Delance Ltd, 201 Route Principale, CH-2532 Maccolin, Switzerland. Tel: 0041 32 3236401, fax: 0041 32 3236227.

CROSSWORD

No. 9,383 Set by CINEPHILE

A prize of a classic Pelikan Souvenir 800 fountain pen for the first correct solution opened and four runner-up prizes of Pelikan M300 fountain pens. Solutions by Wednesday June 4, marked Crossword 9,383 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9FL. Solution on Saturday June 7.



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WINNERS 9,371: Mrs M.J. Smith, Malvern, Worcs; A. Brown, Ballo Isle, Leeds; R.J. Davidson, Canford Cliffs, Dorset; A. Oliver, Cambridge; G. Ridley, Brighton, Sussex.

- ACROSS**
- No doubt you'll sleep well? (4,7)
 - 9 A flag, the Dolly Rog. - that's not right (3,5)
 - 10 See 28
 - 11 From Angola Kenya's almost half way to Malawi (4,5)
 - 12 Row about Guinea starting an economy like Singapore? (5)
 - 13 Weight on prong - survivor takes all (7)
 - 15 See 17
 - 18, 2 Learned lady preventing guest losing head inside (12)
 - 20 Oarsmen work on the Rivi- (3,4)
 - 23 Californian saint to depart more than once (5)
 - 24 Consort and queen flirt? (9)
 - 26, 7, 26, 28, 26, 17, 26, 18 A little gold leaf novelty might be no change when one's griet about sun (said article) to squander on bride (9,3,3,3,3,3,4)
 - 27 Being drawn into a quarter (2,3)
 - 28, 10 Altered will written in Greek (3,5)
- DOWN**
- You after time, Reginald? (4)
 - 2 See 18
 - 3 Racial type from the ordinary angle (5)
 - 4 Glut on day I had a meal (8)
 - 5 Turn over a new leaf with the remaining picture? (7)
 - 6 Conspirators guy to make drawer (9)
 - 7 One to three notes make one nervous (2,4)
 - 8 Old fool to dart off after party (6)
 - 14 Gains may be improperly fathered (3,6)
 - 16 Sell Tate's letters, causing a feud (8)
 - 17, 15 How long the library book's been out? (8,4)
 - 19 Comparatively hungry, met with ripe fruit (7)
 - 20 Bone on leg broken by pebbles (7)
 - 21 Funny child, more than likely (4,2)
 - 22 Gull that rhymes with flightless bird (3,3)
 - 25 Friendship: a setter's with-out it (5)

Solution 9,382

CROSSCOUNTRY
DOYAPGAS
DAYMEAN AIRCRAFT
UUL L ANSIALE
BANAL ANSIALE
LDA S D RLP
EXALTATION SMUT
G E R I O D H
RATY PHANOTORT
O D P G E S
SERVANTS GETTO
S N B S H I A
EXOTICA CRONER
D N G S A O U D
GLOBETROTTER

FRENCH GERMAN
A S H M E E
HISTORY BIOLOGY
T E V S L I O
PHILOSOPHY LUTE
L A I O I
GREEN NIGHTCAP
H I D E R
DEBIBER ONSEY
H I P P O
D I N Y AFFORDABLE
S E I T A H A
A V I R I T A P I N T E
R C L E H S T
YESMEN PYTHON

BRIDGE

Protective bidding, or "balancing", is routine practice for any player truly considering the entire deal, rather than merely his own 13 cards.

N
♠ J 9 3
♥ Q 10 4
♦ K 8 3 2
♣ 9

W
♠ 10 7 5
♥ K J 5 2
♦ 10 7
♣ K 8 7 4

E
♠ A 4
♥ A 9 7 6 3
♦ Q J 9
♣ A 6 3

S
♠ K 8 6 2
♥ 8
♦ A 8 5 4
♣ J 10 5 2

East opens 1H, and West raises to 2H. North and East pass. As South, would you pass or bid? It is vital to bid here. You must not allow East-West a quiet life in 2H. The opponents have found a fit quickly so, if you compete, they will be more inclined to bid on than to defend against your contract. If you can steal a 2-level contract this often makes bid, even if you fail at the 3-level, it should cost less than leaving 2H undisturbed. More importantly, you may persuade your opponents to the 3-level. If they still make their contract, you have lost

nothing but, if they fail, you have achieved a big swing in your favour.

A golden rule is that when one side holds an eight card fit, it is virtually guaranteed that the other side also holds one. If, however, your opponents do not find a fit immediately, you should be reluctant to enter the auction. A misfit is awkward to play, but excellent in defence as a cross-ruff can be established.

Finally, do not worry about your slender values. Significantly, both opponents have limited their hands: West is weak; East is unable even to try for game. Indeed, when the auction peters out at the one or two level, the points will usually be divided roughly 20-20 between the two partnerships. If everyone assumes this to be the case, no one should become overexcited.

On the deal above, South should double for take-out, and North will bid 2S. If that is passed out, he will come to eight tricks; if East-West press on to 3H, you should be able to beat their contract. Whichever occurs, you have gained both points and the psychological advantage.

Paul Mendelson

CHESS

Twenty years of effort for the England team and for its faithful bank sponsor Duncan Lawrie achieved a breakthrough last week when the Russians were relegated to silver medals in the European championship at Pula, where the leading totals were England 22½/36, Russia 22½, Armenia 22.

The race was easier than looks from these scores, since England had a commanding lead in the closing rounds before faltering at the end. The Russians lacked their top three Kasparov, Karpov and Kramnik.

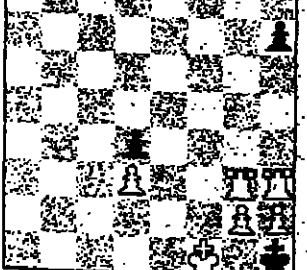
The real test will come later in the year in the world team championship at Luzern. Still, England can also play better and will have serious chances for more gold (Z Almasi v M Adams).

Qh4 14 g3 Qh3 15 Re4 Qd7

16 Nd2 Bb7 17 Re1 c5 18 Ne4 Be7 19 a4 Leaving the books, which give 19 Bg5 f8 as best. b4 20 Bg5 Bxg5! A significant divergence. It looks odd for Black, a pawn down, to exchange pieces, but Adams quickly gains overwhelming pressure on the long white diagonal.

21 Nxg5 hxc3 22 hxc3 h6 23 Ne4 Qc8? 24 Qh5 Rade 25 a5 f5 26 Nd2 Kf8 27 Nf3? 27 Bxd5 Qxd5 28 e3 avoids immediate defeat, but Qxd3 29 Nf1 Bxf3 is very good for Black. Nf6 28 Resigns.

No 1181



White mates in three moves, against any defence (by O Dehler). This is simple but can be visually hard; the obvious sequence 1 Re8? h5 2 Rg8 h4 3 Ral is only a stalemate draw.

Solution back page

Leonard Barden

PERSPECTIVES



Joe Rogaly

Awkward in arias – fluent in everything else

You have only to consider Spanish, Chinese or Japanese to see how unlikely it is that global English will have a rival

English, we read, may be an official language of the newly named Democratic Republic of Congo, formerly Zaire. You know what that means. The newcomer would jostle the pride of France off the throne. We masters of the language of Shakespeare and Yogi Bess should not smirk. The D.R. of Congo might have chosen German. The D might have been short for Deutsche. Anglophones could have been sitting on their backsides alongside francophones, de-throned in the African mud.

This would almost certainly have happened if the US had adopted German as its official language. The ersatz colony it has picked up from the French-speaking Belgians and their French successors would have

adopted the tongue of its new controller. Words spoken by Goethe and Schiller would have filled the Kinsbasa air.

My picture is not so fanciful as it may sound. A quarter of the inhabitants of the US trace their origins to the German-speaking areas of Europe. The originally English-born element is a decided minority. Rhinelanders began to move to the new world in the 1720s. By 1770, more than 225,000 had crossed the Atlantic. The choice of language was not automatic. It was debated in Philadelphia. German may well have become the national standard, if fate had crumbled the US cookie another way.

It probably has, in a parallel universe. Do not shudder at the thought. German sounds very nice, when properly sung, although heaven knows what

they would have given us in place of *floppy disc*. In the world we inhabit, English, albeit awkward in arias, is the most widely used international language. It could not be otherwise. Britain was the predominant colonial power of the 19th century. America is the superpower and master of global commerce and culture in the 20th.

English circles the globe because first one major power and then a second speaks it. It has been rammed down the world's throat. Blank verse, iambic pentameter, flexible structure, adoption of words from other languages, tolerance of a variety of dialects – none has anything to do with the case.

Indians speak English because they were once under British rule. Chinese, Japanese, Congolese speak it when they want to

trade goods, services or ideas with the rest of the world. Russians absorb American because it is related to the dollar, their principal currency.

Indeed, the linguistic consequences of 200 years of growing power and influence are still coming home to us. Take one small example. Algerians have reportedly dropped French as the principal foreign language taught in schools. English has been put in its place. There are many other such instances of the advance of what is rapidly becoming the only common language most people consider worth knowing.

Let us add them up. Some 337m people speak English or American as a mother tongue. Another 235m learn it at school or struggle with its intricacies later in life. Now throw in an

estimate for the number of citizens of the many countries that use it in government or trade or cross-border relations. The grand total exceeds 2bn, more than a third of the population of the planet.

I have taken these figures from *English as a Global Language*, a new book by David Crystal. Published by Cambridge University Press it is far slimmer than his *Cambridge Encyclopedia of the English Language*, which appeared in 1995. Mr Crystal deplores the triumphalism in English articles about the spread of English. You may have detected such a note here. If so, I apologise.

Let us cool down. The book's basic thesis is that English, the first truly global medium, may be unstoppable. Is that so? If you accept that the language was

spread by the muscle of Anglo-America, you might say that its future depends on the US remaining in its present dominant position.

It probably will. Spanish is growing faster than English, if you count native speakers only. Yet there is no Spanish superpower on the horizon – unless you believe that migrants from Mexico and points south will eventually overwhelm English-speaking America. That could happen in California before half the next century is out.

Again, China may become a superpower. Doubtless everyone who was obliged to learn to read and write Mandarin, but those outsiders who have done so rarely say it is easy.

You have only to postulate Spanish, Chinese or Japanese to see how unlikely it is that any

potential rival to global English will come forward. English looks better than secure. Its advance continues. The historical precedent is entropy. Everything decays in the end. Greek was replaced by Arabic. Latin by French. German and English.

That is true. But we cannot see what will topple English. It is the language of most international organisations, the majority of scientific and technological journals, the internet, intercourse within most international companies, communications in high finance, and just about everything except good opera and what native speakers of other languages say to one another when they want to convey what they really think.

In the Democratic Republic of Congo, that depends on your tribe, and who is listening.

Lunch with the FT

Sashimi with a walking, talking brand

Lucy Kellaway meets Michael Bloomberg, the 'irreplaceable' maker of a financial information empire

When I telephoned Tatsuo, the smartest Japanese restaurant in the City of London, the man on the other end of the phone sounded nervous. He told me that a table was indeed booked in the name of Bloomberg, and that somebody had already been along to make sure the restaurant was suitable. "I think your guest is a very important person," he said.

But, Michael Bloomberg is not an important person in Britain at all. Outside financial circles he is almost unheard of. Few know the story of the trader who was fired from Salomon Brothers, and who went on to build a \$1bn financial information company that rivals Dow Jones and Reuters.

Bloomberg is now determined to eradicate this ignorance. Last week he was on a flying tour of Europe to promote his autobiography, *Bloomberg by Bloomberg*. I was being squeezed in for a quick lunch in between a book signing, more interviews, and a book launch party.

When I arrived at Tatsuo three men in suits were standing in reception waiting for me. The smallest of the three was Bloomberg himself, and with him was the head of his London office and a bodyguard.

I was disappointed to see such a crowd, and relieved when both minders melted away, leaving me alone with the most creative media entrepreneur of our time. At least that is how he is described by Rupert Murdoch on the back of his book.

"How did the signing go?" I asked, once precise instructions had been issued for Bloomberg's favourite drink, a club soda with a twist of lime.

In short, urgent sentences, he explained, that signing was a great opportunity to make a personal link with each individual. "I always shake hands. I introduce myself and say: 'Good to have you as a customer.' Or, if there is no link, I just say: 'Thank you for being a friend.'"

A drink was brought which seemed not to be what he wanted. Ordering the food also presented prob-



Michael Bloomberg: "Everyone wants me to speak. I don't charge, I'll only do it for friends or for business, or for my charity work. With all due modesty, when I give a speech I'm a good speaker – funny, wise and I say something" Ashley Armstrong

lems. I didn't know what most of the dishes were, and Bloomberg seemed indifferent to what he ate. We settled on two sashimi lunches and left it up to the waiters to choose our starters.

Bloomberg proceeded to tell me how favourable the reviews for his book had been, quoting various passages from memory. This might have been annoying, but, in fact, it was so blatant, there was something touching about it.

He told me that he had sent the manuscript out to important people all round the world to collect praise for the dust jacket. "Branson – he's a smart guy. I don't know if he read it, but he sent a nice note back. The Pope. The Vatican have some of our terminals;

they've been customers for years and years."

By now a succession of tiny dishes had started to arrive. Bloomberg handled his chopsticks expertly, and popped peculiar little Japanese dumplings, pieces of fish and miscellaneous vegetables into his mouth.

In his book, Bloomberg makes much of how hard he works. He loves Sundays because the next day is Monday, and expects his employees to feel the same. I said that workaholicism was going out of fashion, and that people now want balance in their lives.

"I never say to anyone: 'You must work 12 hours a day.' We have a meritocracy, and if someone wants to get on by working hard, I am not going to stop them."

But does he, I persisted,

think hard work might ever be damaging, and might have contributed to the failure of his own marriage?

"When a marriage fails something you did wasn't right. But who knows what you should have done?"

His wife, he said, was still his best friend. Last Thanksgiving she brought her boyfriend and he brought his girlfriend, and they spent it with the children.

Suddenly he asked: "You got kids? How old? Boys? Girls?"

Luckily, I had the answers to this rapid fire of questions at hand. I could imagine how awful it would be to be an employee who did not.

"Just wait until your daughters are older," he warned. Apparently his 18-year-old is mainly interested in chasing boys and his 14-

year-old sometimes finds daddy embarrassing. This sounded pretty tame, but I didn't say so.

"My girlfriend is here in London with me. She's a big tall red-head, two inches taller than me. She's a writer, and sold 40,000 copies of her first book." It was nice to see that his boasting was not limited to himself.

The conversation switched to his company and to his role at the top of it. He explained that he has three jobs: CEO, risk-taker and Michael Bloomberg, the living brand.

"The third part is the irreplaceable part," he said solemnly. "If I get hit by a truck, we just won't have that. We get business that we wouldn't get if I were an

inanimate object. Mr Reuters is dead. Mr Dow is dead. We don't have 'em any more." Again, this was true enough, but I did not know quite what to make of it.

To build the Bloomberg brand he now spends much of his time flying round the world giving speeches. Yesterday was Budapest, the next day would be Paris, the day after that, New York again.

"Everyone wants me to speak. I don't charge, I'll only do it for friends or for business, or for my charity work. With all due modesty, when I give a speech I'm a good speaker – funny, wise and I say something. If I didn't I wouldn't get a million invitations."

I ask how it feels to be so successful. He does not need much encouragement. It is

great to go into restaurants in New York and be greeted by everyone, wonderful to go to cocktail parties and be told by people how they could not live without their Bloomberg terminals. "It's heady stuff," he said.

Not only is there no false modesty about him, there is no faking of any sort. His minder appears to say our time is up. I plead an extra five minutes.

Are you going to start up a UK business newspaper to rival the FT, I ask and almost immediately regret it. At length, he details the FT's shortcomings, among them citing arrogance.

"The honest answer is that I'd like to do a newspaper. I see some guy from the FT was quoted as saying: 'Bloomberg would be out of his mind trying to compete

with us.' That's kind of a red rag to a bull."

He says this lightheartedly, but I suspect it is near to the truth. For him, being told that he can't do something is a pretty strong motivation.

If he does pull it off, he says, I would be welcome to apply for a job, although he can't promise anything. The idea that I might not be long to work at Bloomberg had evidently not occurred to him.

"Can I get this?" he asked as the bill was brought. I said the FT would pay, and tried to look unconcerned as I handed over \$36 for two modest meals and two soft drinks.

"Thanks for buying me lunch," he said as we parted at the door. "Now I know why the FT is so expensive."

Truth of the Matter

Confucius holds the key to the east

Simon Leys argues that the man remembered as a teacher was really a misunderstood politician

For more than 2,000 years, Chinese emperors have set and promoted the official cult of Confucius. It became a sort of state religion. Now the emperors have gone (or have they?), but the cult seems very much alive.

Karl Marx once warned over-enthusiastic followers that he was not a Marxist. With better reason, one should say that Confucius was certainly not a Confucianist. Imperial Confucianism only extolled those statements from the Master that prescribed submission to the established authorities, whereas more essential notions were conveniently ignored: the precepts of social justice; political dissent; and the moral duty for intellectuals to criticise the ruler (even at the risk of their lives) when he was abusing his power, or when he oppressed the people. As a result of these ide-

logical manipulations, in modern times, many enlightened and progressive-minded Chinese came spontaneously to associate the very name of Confucius with feudal tyranny.

All the great revolutionary movements in 20th century China were staunchly anti-Confucian – and it is easy enough to sympathise with them.

Yet no book in the entire history of the world has exerted, over a longer period, a greater influence on a larger number of people than the slim volume, *The Analects of Confucius*.

With its affirmation of humanist ethics and the universal brotherhood of

man, it inspired all the nations of eastern Asia and became the spiritual cornerstone of the most populous and oldest civilisation.

If we do not read this book, if we do not appreciate how it was understood through the ages (and also how it was misunderstood), we are missing the single most important key that can give us access to the Chinese world. And whoever remains ignorant of this civilisation, in the end, can only reach a limited understanding of the human experience.

The fundamental misconception that developed regarding Confucius is summed up by the "teacher"

label under which Imperial China undertook to worship him – and, at the same time, to neutralise the subversive potential originally contained in his political message. For 2,000 years, Confucius was canonised as China's First and Supreme Teacher (his birthday – September 28 – is still celebrated as Teachers' Day in China). This is a cruel irony.

Of course, Confucius devoted much attention to education, but he never considered teaching as his first and real calling. His true vocation was politics. He had a mystical faith in his political mission.

Confucius lived in an age

of historical transition, of acute cultural crisis, whose dates, according to traditional historiography, were 551-479BC. In one respect, there was a similarity between his time and ours – he saw his world sinking into violence and barbarity.

The *Analects* is suffused with the unshakable belief which Confucius had in his Heavenly mission. He spent virtually his entire life wandering from state to state, in the hope of finding an enlightened ruler, who would give him a chance and employ him and his team, and who would entrust him with a territory where he might establish a model gov-

ernment. It was all in vain. Wherever he went, Confucius was usually received with much respect and formal courtesy. In practice, however, not only did he find no political opening, but cabals eventually forced him to leave.

From this point of view, one may truly say that Confucius's career was a colossal failure. An admiring posterity of disciples was reluctant to contemplate this stark reality: the humiliating failure of a spiritual leader is always a most disturbing paradox with which the ordinary faithful cannot easily come to terms.

Confucius distrusted elo-

quence. He despised glib talkers, and he hated clever word games. For him, it would seem that an agile tongue must reflect a shallow mind – as reflection runs deeper, silence develops. He observed that his favourite disciple used to say so little that, at times, one could have wondered if he was not an idiot.

To another disciple who had asked him about the supreme virtue of humanity, Confucius replied: "He who possesses the supreme virtue of humanity is reluctant to speak."

His silences occurred essentially when his interlocutors tried to draw him

on the question of the after-life. This attitude has often led commentators to conclude that Confucius was an agnostic. Such a conclusion seems, to me, very shallow.

Like the empty space in a painting, which concentrates and radiates all the inner energy, Confucius's silence is not a withdrawal or an escape – it leads to a deeper engagement into life and reality. Near the end of his career, Confucius said to his disciples: "I wish to speak no more." The disciples were perplexed: "But, Master, if you do not speak, how would little ones like us still be able to hand down any teachings?"

Confucius replied: "Does Heaven speak? Yet the four seasons follow their course and the hundred creatures continue to be born. Does Heaven speak?"

Simon Leys's new translation of *The Analects of Confucius* has just been published by W.W. Norton.

PERSPECTIVES

Protest, cakes and coffee in Berlin

Cafés have long served as a vital source of oxygen for the city's 'artists' and 'radicals', says Giles MacDonogh

It would be neat to see the development of the Berlin café as a metaphor for the history of the city in the two centuries before 1898: a cycle of censorship and repression interrupted by a brief flowering around the turn of the century. In West Berlin it was different after 1945, of course, but in many ways the artificial city composed of the British, American and French sectors bore no relation to any of the capital's previous incarnations.

The modern Berlin café grew out of the *Konditorei*: a cake shop with tables which often offered a menu of more substantial dishes. In the 19th century, the best known was Josty, which survived until its destruction in the second world war. The poet Heinrich Heine was unimpressed: people were crammed into a room decorated like a pub where they slumped at cream and licked their fingers. Here you met the

politically apathetic philistines who summed up Berlin's emerging middle class in the first half of the century. Heine was also critical of Tiemann, where the writer E.T.A. Hoffmann consoled himself with oysters, insisting that there was too much butter in the cooking. Fuchs, on Unter den Linden, was lavishly decorated but the poet said: "I don't eat mirrors or silk hangings, and when I want something to please the eyes I go to Spontini's *Cortez* or his *Olympia* at the Opera." Not all Berliners were content to see unlimited cream cakes as a consolation for political impotence. By the 1840s, certain *Konditoreien* offered a vital source of oxygen to repressed citizens living under the regimen of

Frederick William IV's minister Johann Eichhorn and his teams of spies. The better ones could be assumed to stock a selection of non-Prussian papers from which one might glean a little uncensored news between cakes and coffee. The different establishments became associated with the various party-political allegiances and classes. One man who was intrigued by this side of Berlin's café life was Karl Marx's friend, Ernst Dronke. Kranzler, which has survived as the most boring café in Berlin, was, according to Dronke, no better than officers and dandies met over ices and hot chocolate, "the conversation touches on nothing besides horses, dogs and dancing girls".

By common consent, the most important Berlin *Konditorei* was Stehly. Mozart had set up camp there during his 1780 visit and Hoffmann apparently sought inspiration there, too. Stehly's character changed according to the different times of the day. In the morning came senior civil servants to leaf through the newspapers over a glass of Malaga or Madeira. The next to arrive were actors and dancers from the nearby Schauspielhaus theatre, who naturally made a good deal of noise. They were followed by members of the officer corps. When they left their places were taken by university teachers. Their departure signalled the arrival of radical journalists and intellectuals, including the "Free" radicals

who gathered in Stehly's famous red room. When the radicals left calm returned: late at night Stehly's plush seats were occupied by a few old gentlemen on their own.

This was the period before the 1848 Revolution. Although the uprising was only partially successful, it did bring about a form of parliamentary democracy and a sort of free press. The real incentive for change, however, came when Berlin became Imperial Germany's capital in 1871.

Berlin burst its bounds and on the new boulevards were born big city cafés modelled on those in Paris. The first of these to assume any real importance was the Café des Westens, which was

opened by Ernst Pauly in 1886 on the corner of the Kurfürstendamm and the Joachimsthalerstrasse. Berliners dubbed it the *Café Grössenwahn*, or "Café Megalomania", from its big-headed, self-important intellectual clientele.

Pauly may have had enough of them, or had his eyes on more respectable Berliners. Whatever the case, the placing of a bust of the Kaiser on top of the telephone box was a signal for the intellectuals to decamp. They tried out a succession of new places, but none proved to their liking until they settled at the Romanisches Café on the eve of the first world war.

It was called the "Romanesque" café because it had been built as part of the new square surrounding

the memorial church the Kaiser had set up to honour his grandfather, the forger of German unity. Romanesque had been the idiom of the church, and the style dictated to buildings around.

Soon everyone had abandoned the Café des Westens for the "Romanischen", including the red-headed waiter, Richard. It was the meeting place *par excellence* for Berlin's intellectuals in the first third of the century: the poets Else Lasker-Schill, Richard Dehmel, Peter Hiller and Gottfried Benn; the satirist Karl Kraus, up from Vienna; the novelist and physician Alfred Döblin; the painters Max Slevogt, Emil Orlik and Leo von Koenig, Oskar Kokoschka, Franz Marc and Ernst Ludwig Kirchner.

Once again the mood was protest. As one postwar survivor from that world put it: "Every sip of coffee that they drank here was a demonstration against the stucco façades of the Kurfürstendamm, against the damask hangings and silver services in the flats, and above all against a world of luxury, which many began to appreciate only when it was no longer there."

It was naturally stifled when the Nazis came to power. From then on the Gestapo had their own table at the "Romanischen" where they sat with their Alsatian dogs, looking for any signs of artistic life to stamp out. The café finally went up in smoke in the big raids of November 1943. A 100-year-old tradition went with it. Its site is now occupied by the soulless Europa Center.

■ *Berlin by Giles MacDonogh is published by Sinclair Stevenson next week, £25.*

Farewell to Russia's palatial country residence

Extravagant Seacox Heath, in East Sussex, is to lose its most recent distinguished residents and restorers, says Liam Halligan

Joseph Stalin had a fondness, a weakness for the grand country house. At the height of his power, he would retreat during the summer to a *dacha* in the Black Sea resort of Sochi, and had homes away from home throughout what had become the Soviet bloc.

In 1946, when the Soviet Union was impoverished by war and Stalin was building his property empire, he authorised the purchase of another Russia House, this time deep in the East Sussex countryside.

Apart from being a believer in the restorative benefits of a long weekend for the privileged elite, Stalin argued that Russia's youngsters should have the pleasure of a summer retreat, though Seacox Heath has more recently served its country by housing Moscow's ambassador and his family.

"For all his faults, Stalin believed strongly that youngsters should be able to leave the city during the summer," says Olga Adamishina, wife of the Russian ambassador to Britain and Seacox resident. "After the war, the USSR secured country houses all over western Europe with the children of Soviet diplomats in mind."

Unfortunately, her husband, Anatoly Adamishin, having spent three years as

Russian envoy to the United Kingdom, is next week heading back to Moscow and, he hopes, a career in politics. Adamishina is going with him. But grudgingly.

She has become attached to Seacox Heath. Only yards inside East Sussex, Seacox is a fine 50-room French-style château set in 75 acres – the sort of place to which only the shrewdest of stockbrokers or most venerable aristocracy can aspire. Built in 1871 by the first Viscount Goschen, an economist and statesman, the estate was bought by Moscow when the Goschen dynasty was beset by personal and financial tragedy.

But the Soviet Union fell on hard times and, by the mid-1990s, Seacox lapsed into serious disrepair. Since then, largely due to the efforts of Adamishina – and a small army of workers seconded from the Russian embassy in Kensington – the house has recovered much of its former elegance and splendour.

Walking across the wooden mosaic floor of the mock-medieval entrance hall, Adamishina recalls the day, in September 1994, when she first came to Seacox. "Much of the house was sealed off and there were saucepans on the floor to catch the rain," she says. "But despite the awful mess, I felt at home the moment I



Olga Adamishina outside Seacox: "We've made the house breathe again and I don't want it to die. It's taken so much love and so much soul"

walked in. It was the European style."

With a furrowed brow, Adamishina recounts how she and her comrades scrubbed, scraped, patched and painted.

"A whole team of us worked around the clock for many months," she says with a grin. "We united to undo all the damage."

A sandstone structure designed by architects William Slater and Richard Carpenter, Seacox boasts mock-Gothic turrets, chiselled balconies and terraced lawns.

"Goschen wanted an extravagant house to accommodate his many guests – he was a bit of a Gatsby fig-

ure," Adamishina says, conducting a tour of the fully restored reception rooms, complete with marble fireplaces and chandeliers.

Although she and her husband think differently from their Russian predecessors – who have included propaganda chiefs and security experts – a faint nostalgia for the old days remains. "There was a Soviet proverb," Adamishina recalls from a Muscovite childhood of pioneer camps, music lessons and opera visits. "Children are the only privileged class."

Even before Seacox became Soviet territory, the house was connected with

youth. When nearby Flimwell school was bombed during the second world war, Viscount Goschen allowed classes to be held in his ballroom.

The link continues today. Adamishina is celebrated both in east and west for her work with young musicians and composers. She has brought more than 50 Russian youngsters to London and Rome, to perform and receive tuition – with some giving recitals at Seacox. Among her protégés are pianists Alexander Gindin and Olga Balakleets.

"A nation without culture is a disaster," she says – not a surprising view from one

whose speech is littered with references to Pushkin, Bunin and Chekhov. "Russian culture is struggling and our government is not channelling enough resources towards the young."

Aside from the house and gardens, Seacox has an expansive arboretum – which includes Cyprus pines, Sequoias and Russian birches. "The variety represents the link between Russia and the world," Adamishina says.

An appreciation of the natural world seems to become the area: on the edge of the estate, from the tower of the church of St Augustine, the celebrated astronomer

Sir John Herschel discovered and charted 525 clusters of stars during the 1840s.

But amid the sophistication and gentle living, Seacox has attracted characters. Within its grounds lie the tumbledown ruins of a hideaway from which once operated the Hawkhurst gang – the notorious smugglers who terrorised the south-east coastline in the 18th century, engaging in bloody battles with Customs officials.

"The gang had an army of 500 men to fight the revenue collectors," says Adamishina. "They could make more as smugglers in a week than

they earn from the land in a year."

Adamishina is inevitably Moscow bound, but she remains reluctant to leave behind the house she has restored. "We've done the hard bit," she says, looking round her entrance hall with the eye of a fastidious housewife. "We've made the house breathe again and I don't want it to die."

Passing through Seacox's front door and on to the gravel drive, her fingers are crossed so firmly that the tips of them turn white. "It's taken such a lot to get the place going again," she says. "So much love. And so much soul."

Fuzzy view from the Bosphorus

Just who is European and where do the boundaries begin and end? asks Nicholas Woodworth

Europe is a big place – too big and sprawling to be easily viewed as a tidy, well-defined entity. There is one vantage point on the continent, however, where you can actually see the boundary that divides it from the rest of the world.

Standing on any high ground in the teeming city of Istanbul you gaze across the Bosphorus; from the very eastern edge of Europe you will see, not half a mile away across the busy, boat-filled straits, the very western edge of Asia. As viewpoints go, this is a good spot to contemplate the future of the continent.

My own bit of high ground in Istanbul recently was an upper floor in a palace overlooking the water at Seraglio Point. Long ago this was the home of Ibrahim Pasha, grand vizier to Suleyman the Magnificent, the greatest of all the sultans of the Ottoman empire. It was under Suleyman in the 1500s that Turkish armies, making a reputation for themselves that continued to frighten Europeans for centuries, pushed the frontiers of the empire far into Europe and threatened the very gates of Vienna.

Today Ibrahim Pasha's palace is the home of the Turkish and Islamic Arts Museum. Filled with lavish carpets, illuminated Koranic manuscripts and a thousand other oriental treasures, it is a place that, like so many others in Istanbul, provokes

in the minds of visitors some basic questions of identity.

Just who is European and who is not? Where does Europe begin and end? Are its boundaries physical, as the Bosphorus suggests? Or is it, rather, a state of mind whose borders, formed by the intangibles of history and culture, are fuzzy, constantly changing, and subject to wide interpretation?

Turkish life would seem to support the latter proposition. No one can spend more than a few hours in Istanbul without being struck by its heady mix of the strange and the familiar. In this city the daily appurtenances and attitudes of modern Europe sit cheek-by-jowl with Oriental ways often incomprehensible to westerners.

Here in the same streets are modern business blocks and stone-carved caravanserais; women in short skirts and women concealed behind veils; automatic cash tellers and price-haggling merchants; business suits and cleric's flowing robes; music flowing from bars and the call to prayer flowing from mosques.

The remarkable thing is that it all comes together in a synthesis that seems to fit the city more or less comfortably. How it

does so is what makes Turkey such a mystery to outsiders.

It is not really all that mysterious, insisted Nazan Oler. As a liberal, western-educated professional and someone who has also devoted her life to the Islamic art of the past, the museum's director finds herself on the very cusp of modern Europe and the traditional east. Yet there is no contradiction, she maintains. "I am a European, but I am also a Moslem," she said. "Must the two be seen as exclusive?"

Ever since the days of empire, Oler told me, Turkey has looked westwards to Europe. In its ethnic make-up, in trade and commerce, in political and cultural influences, she said, Turkey has long been more westernised than most Europeans imagine.

She agrees not all Turks are as comfortable with the synthesis as she. If Islamic extremism is today making inroads in Turkey, she affirms, it is as over-reaction: the republic's secular and modernising revolution, begun 70 years ago under Kemal Ataturk, has advanced western-style development while at the same time leaving many Turks behind economically. Turkey's fate, nevertheless, remains inextricably tied to Europe's.

Meanwhile, Oler maintains,

many of the real contradictions lie outside Turkey. "Our dilemma is that for the east we are western, and for the west we are eastern," she said. "Europe is becoming unified and borders are going. Of course we would like to join the European Union. But Europe is putting up walls around itself. Europe still fears Turks. Turks are seen as inferior. Why should this be?"

After much debate Turkey was finally permitted entrance to the European Customs Union last year. Such is the resentment against European attitudes, however, that some Turkish businessmen profess to reject the benefits that would come with full EU membership.

"Look at my son. He could be Scandinavian," Ilkay Bilgin said in another office high over Istanbul's waterway. Bilgin, honorary Danish consul and chairman of the Vitan insurance group – the largest Lloyd's agent in the world, he told me – is proud of Turkey's European credentials. His own family originally came from north of the Caucasus mountains, and his son Selim, blond-haired and blue-eyed, could indeed be taken for a Viking.

"But why should we join the EU?" Bilgin asked. "Europeans are so bigoted they don't see what Turkey has to offer. They still think we are shepherds and camel-handlers. In the long term, we should not look to the west. We should pull out of Nato, and look eastwards to Asia and Russia. There are our markets of tomorrow."

Few businessmen would agree with such a radical prescription. But many culturally conservative Turks are becoming increasingly frustrated with knocking on a door that will not open; they, too, are considering turning away from the west.

It is not high inflation, large budget deficits, or stark regional disparities that are the real bar to Turkey's entry into Europe, such Turks say. Nor is it democracy, human rights or the suppression of the Kurdish minority in eastern Turkey – questions often posed by visiting EU parliamentarians. The real reason, they claim, is religion.

"Why can't you accept the fact that Islam is a European religion?" I was asked in an annex of the imperial Yildiz Palace, yet a third site high over the Bosphorus.

My interlocutor was Ekmeleddin Ihsanoglu, director of Irfica, an Islamic research centre under

the auspices of the International Organisation of the Islamic Conference. "At least 20m people in Europe practise Islam," he said, "yet Europeans reject the historical fact of its existence there. When it is convenient, Turkey is accepted as a European ally and invited to join Nato. When it is inconvenient, the door is shut."

Such hypocrisy, Ihsanoglu said, could not be accepted forever: if there were no positive change in European attitudes, there might soon be a new generation of Turks that will reject Europe and European ideals.

I made my way from the palace down to the Golden Horn in a reflective mood. Earlier this year, European Christian Democratic leaders, including Helmut Kohl of Germany, made statements bluntly rejecting Turkey as a possible European partner. With new applicants from eastern Europe jumping the queue, is Turkey likely to become a member of the club in the near future? Will Europe, ever more fearful of a tide of fundamentalism, hold conventional Islam to its bosom?

Neither seem likely. I thought as I boarded a crowded ferry. Traversed though it is by a thousand cultural bridges, the Bosphorus remains a formidable strait to cross.

■ *Turkey Unveiled, by Nicole and Hugh Pope, an examination of contemporary society, will be published by John Murray next month.*

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BOOKS



A mist-shrouded Great Wall, captured by Marc Riboud in 1971: from "Marc Riboud in China: 40 Years of Photography" (Thames and Hudson £25.00, 168 pages). Riboud, a former member of the French Resistance, became a photographer after the war, joining the Magnum agency in 1955 and sending his first picture report from China in 1957. Publication of the book coincides with an exhibition of Riboud's work which runs at the Barbican Art Gallery, London, from June 19 to August 17.

The thoughts of Wei

Robert Thomson admires the indomitable pen of a Chinese gulag victim

After several years of solitary confinement, with his teeth disintegrating and without a sign that the Chinese government was about to relent on the cruelty of a 14-year sentence for speaking his mind, Wei Jingsheng had the clarity of thought to observe that "no matter how good a shoe is, it can't replace a hat".

From his cell, where he has spent all but one of the last 18 years, Wei has celebrated the absurd, writing letters to Deng Xiaoping, suggesting revisions to the Constitution and adjustments to economic policy and, always, arguing that China will not be complete until democracy is the done thing. Until then, the Communist party walks with a size 9 shoe on a size 16 head.

A victim of the gulag, Wei's writings are gentler

than those of Alexander Solzhenitsyn and more in the voice of Vaclav Havel, once imprisoned for his writings and, now, president of the Czech Republic.

With another 12 years of a long sentence to serve, Wei will not be taking up high office anytime soon and will be fortunate if he survives this second incarceration. Deng, who never bothered to write back, embodied the inconsistencies of a Communist party, which has significantly eased its grip in the last two decades, but is still intimidated by an individual with pen and paper and a mischievous sense of humour. Chinese are living lives unimaginable during the Mao years, when family members testified against each other and the cult of personality was a food substitute.

If politics is a numbers

game, then Deng has probably been the most successful leader in world history, his policies having brought meat and vegetables to starving millions and allowed a demoralised people to regain confidence.

THE COURAGE TO STAND ALONE: LETTERS FROM PRISON AND OTHER WRITINGS
by Wei Jingsheng
Viking £16.99, 238 pages

The quality of conversation improves each year in China and, at home, the masses are happy to poke fun at Premier Li Peng and joke about Mao's mistresses.

And yet Deng, whose conversational style had some of the earthiness and irony of Wei Jingsheng, ordered that the former electrician at Beijing Zoo be imprisoned after

writing a wall poster calling for the Fifth Modernisation, democracy. As often with Wei, it was a play on ideas, adding to the official Four Modernisations (agriculture, industry, defence and science) meant to be the pillars of China's reforms.

The party cannot quite find the philosophical words to justify the modernising mixture of a free market and the "Marxism, Leninism and Mao Zedong Thought" central to its existence, so it remains vulnerable to the cutting edge of common sense. A clever writer can easily penetrate the defences, but few have been willing to emerge from behind the cover of allegory.

Those who do "go public" know where to find the pillory. But, even after serving 14 years, having secured a slightly early release in 1993 when China was bidding for

the Olympics, Wei decided to forsake the comforts of a quiet life and the safety of a career in business. He suggested that swapping political prisoners for the Games was "dirty and abnormal" - inevitably, six months later, Wei was again arrested, held illegally for a year and then tried for treason. He is due for release in 2008.

Wei Jingsheng is far too modest and too subtle to have called a book *The Courage to Stand Alone*, but if the title tempts readers unaware of his plight or his importance, then fair enough. His thoughts are profound on the dangers of Chinese nationalism and the "uniqueness" of a political culture that uses prison to make a point. And his pitiless descriptions of the repeated humiliation of the human spirit are about more than China.

Physics and chaos theory without tears

This work successfully bridges the divide between science and the humanities, writes A.C. Grayling

In the 40 years since C.P. Snow lamented the divide between the two cultures of science and the humanities, the divergence between the two has grown. This is chiefly the result of rapid and increasingly complex developments in science, but also because nothing has been done since Snow's time to address the problem of scientific illiteracy among non-scientists.

There are two large reasons why scientific illiteracy is a thoroughly bad thing. One is that the people who take decisions about scientific research-funding and utilisation are non-scientists - politicians and civil servants - who therefore do not understand what they are dealing with, and so cannot be trusted to make the best decisions necessary. The second is that in a civilised and educated society it is intolerable that otherwise reflective people should be unable to follow scientific developments intelligently, and participate in debates about them - not least, in debates about their ethical implications.

For both these reasons anything that aids the dissemination of scientific understanding as widely as possible is a thoroughly good thing. And when it is well done, with clarity, imagination, scrupulousness and flair, it is thrice welcome. Ian Marshall and Danah Zohar have given us just such a book. It is quite astonishingly successful; even the most difficult ideas are made lucidly available, and its coverage of the principal areas of current scientific advance is complete. This is a book to have at one's elbow as one reads

reports of current work in science, not just because it is a wonderfully informative resource, but because it conveys a sense of the striking character of scientific enquiry, drawing one into the adventure.

The authors begin with four introductory essays describing the areas of scientific endeavour currently making most advance. They are physics, especially quantum physics; complexity and chaos theories, widely used across the sciences; cognitive and psychological science, grappling with consciousness and related phenomena; and the science

of the cosmos, where some of the most dizzying developments have occurred in recent years, as the celebrity of Stephen Hawking and others shows.

The essays are followed by what is in effect a dictionary of the central ideas in science, each entry a short essay, richly cross-referenced to other entries. As one goes back and forth among the pages, the illuminating vignettes of the fundamental concepts inform one another, and illustrate the way ideas connect to make a distinctive vision of the world possible.

There have been many popularising books of science in the last decade or two, many of them very good, some of them by leading practitioners in their fields who have wished, quite properly, to inform a wider audience of their work. A non-scientist who availed himself of these would be well-informed, and able to enjoy the unfolding drama of advances in science as they occur. But even such a reader will find this compendium valuable, bringing together illuminations across disciplines as it does. This is a book for every private library; Marshall and Zohar will be kept busy in coming years updating it, because its utility will not diminish.

WHO'S AFRAID OF SCHRÖDINGER'S CAT
by Ian Marshall and Danah Zohar with F. David Peat
Bloomsbury £19.99, 402 pages

Rereading/Michael Levey

Subversive look at Victorian society

If great vintage novels were reassessed in their own specialist

magazines as regularly and expertly as are classic cars - if only - *Vanity Fair* would be rated the equivalent of the perfect dream-drive.

It has quality, power and luxury enough for anyone, and it holds the road with effortless grace, despite its massive length. After 150 years its paintwork still sparkles as freshly as ever, its suspension is miraculously intact and the stylish lines of its craftsmanship remain unsurpassed.

You don't have to brace yourself to reread *Vanity Fair*. The difficulty, rather, is to disengage after the eye has lit again on the opening sentence that opens the gates of Miss Finkerton's academy for young ladies, at virtually the opening of the 19th century. You slip into the story as into a driving-seat, with Thackeray courteously and cleverly making room for the reader. And though the ultimate destination may have become familiar enough, there continues to be the lure of taking once more the superb, spacious, panoramic route that winds towards it. With the hum of humour as pervasive accompaniment, and the buoyant, ever-elegant prose urging one on, you keep noticing new aspects of the crowds of people by the roadside and new twists in a landscape that seems to stretch away as illusorily as life itself.

We live and experience so much in the course of the novel, with its subtle changes of tempo and shifts of scene, as well as its shining variety of characters (and they are characters, not caricatures), though we are simply following the loosely-entwined fortunes of two women met first as teenage girls, Amelia Sedley and her friend, Rebecca Sharp. We see them becoming wives, mothers and widows, and we see - thanks to Thackeray's uniquely keen perception - the context of their century changing too: from glamorous, rakish, Regency youth into more respectable but more insipid and more hypocritical Victorian maturity. Bang at the book's centre is a great historical event, the battle of Waterloo. It is the hinge on which the two parts of the novel are hung. Thackeray's

instinctive artistic tact avoids recreating the event as such - but he brings home its reality in one terse rifle-shot of a sentence. Darkness has descended on the field and on the city of Brussels, where Amelia is praying for her young soldier-husband, George, "who was lying on his face, dead, with a bullet through his heart".

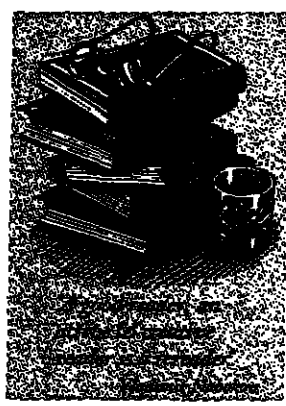
No amount of rereading can or should mitigate the shock of that sentence, and its resonance echoes on in the book, not only through the personalities of George's bereaved father and his

escapades, the once penniless and frankly amoral girl triumphs as Rebecca, Lady Crawley, wealthy, and thus widely esteemed, a regular churchgoer and patroness of good causes.

Nonchalantly, and with typical lack of indignation, Thackeray adds that she was not entitled to be styled "Lady" and implies that she may have gained her money by murder. Those are among the final sly jokes in a novel as subversive as it is amusing, and yet also tinged with a faint, resigned sadness at the spectacle of human behaviour.

Vanity Fair stops, as all novels must, but it does not really reach a conclusion. In that way, as in others, it anticipates *War and Peace*. It leaves a rising generation to cope with life's problems, represented by the sons of Amelia and Becky, living on after the book has finished. And we the readers suddenly reflect, looking back, that we were acquainted with their dead fathers and knew their mothers when they were girls. In that sense we seem to grow old - but enjoyably so - while engaged in the novel's course.

Musing on, one can envisage a final movement in the future, with a re-widowed Amelia ending her days in the company of Rebecca, Lady Crawley. The pair of widows would be suitable ornaments of an England ruled by a fiercely respectable, prematurely-widowed sovereign. And it would be a nice irony to have Becky, who had once made her curtsy to George IV in the glitter of St. James's, received in the gloom of Windsor by Queen Victoria. Speculations of that kind are merely one tribute to the wonderfully strong but beautifully controlled current of vitality flowing through the pages of *Vanity Fair*.



posthumous son but right up to the moment, at the very end, when Amelia learns that her adored husband had been hoping on the eve of the battle to elope with Becky.

The brilliant, unforeseen touch is that Amelia is both disillusioned and relieved. Like Becky she is a survivor, and she has her own inner toughness and selfishness which readers may not always recognise on first encounter, as the author presents her as "good" in contrast to the far more vigorous, resourceful and entertaining Becky. It is through Becky that Thackeray cocks his biggest snook at Victorian society. After almost Hogarthian

A spiritual journey with a PR guru

Reach for your internal zap machine now, advises Michael Thompson-Noel

Any woman who can write, unironically, on the opening page of a hard-covered book, that she was once "acclaimed as the PR guru of the 1980s" deserves attention. About 12 seconds' worth. But then the horror of the prospect of reading an entire book by a "public relations guru" settles upon one.

Hilariously, Lynne Franks

book is subtitled *A Futurist's Journey to Her Inner Truth*, and is as bad as it sounds. Worse. Not that she wasn't a famous London PR. She worked wonders (she says) for clients that included fashion designers, celebs, Brylcreem, Swatch, Harvey Nichols, Next, Ratner's, et al.

And comedian Jennifer Saunders worked up an initially amusing but suddenly-immensely-tiresome television series, *Absolutely Fabulous*, about a crazy London PR guru who happened to be a Buddhist with two teenage children, which many people (including Franks, but not including Saunders, who claimed it was an "original" idea), believed

was modelled on Franks. However, in June 1992 the guru decided to "let go" of everything she had always thought mattered, including material wealth, career and

ABSOLUTELY NOW!
by Lynne Franks
Century £16.99, 238 pages

long-term marriage. She wanted to find out how to live her life in a "balanced and connected way, from a point of love instead of fear".

So she embarked on an "intense and often dramatic spiritual journey" that introduced her to philosophies ancient and modern. She visited the UN

women's conference in Beijing; a holy mountain in India; the "empowering" Celtic sites of Ireland, Scotland and Wales; and California and the American mid-west.

Her book, says the guru, is the story of her journey and the "answers" she found along the way. "Her current passion," explains her publisher, "is developing a global communications network aimed primarily at training and empowering women. She has become a popular speaker on women's issues, socially responsible business practices and life-style trends."

Mercifully, Franks ends each chapter with a black-type nugget of summation. One of them states:

"We need to filter out misinformation and negative imagery by using our internal zap machine and be open to the messages that can bring a positive consciousness into society."

And another: "... Women will only be ready to take their place alongside men and show them the new ways when we connect with the Shakti woman inside..."

Quantum theory suggests that *Absolutely Now!* coalesced spontaneously in the dump-zone of cyberspace one blustery afternoon and willed itself into existence via Ms Franks' bathroom fax. If it comes your way, then, zap it straight back again.

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BOOKS

A classless college - with knobs on

Malcolm Rutherford reviews the memoirs of an Oxford professional and Master of Balliol

Sir Anthony Kenny wrote a delightful first volume of memoirs about training for the priesthood, his ordination and brief career as a parish priest in Liverpool. Although he realised only later, he received a better education at Catholic seminaries in Lancashire and Rome than he might have done at a lay English school or even as an undergraduate at Oxford.

A *Path from Rome* ended with his laicization (withdrawal from the priesthood). This was partly because of a loss of faith and fear of celibacy, and partly because of his anger that the Catholic hierarchy declined to come out in favour of unilateral nuclear dis-

armament. It was a personal, moving story.

Kenny moved on to a life in Oxford where he became a Fellow, then Master of Balliol College. Nothing recorded in this second volume of memoirs is as revealing or touching as what went before. Kenny became an Oxford professional. If he came across a new subject, he wrote a book about it. If a new committee was formed, he either joined it or was co-opted. If there was an

offer of a visiting lectureship abroad, he took it.

Balliol is a large, diverse college, not easy to govern. Kenny took the line "vote with the left and drink with the right" as the best way of holding it together. He also notes - more snobbishly - that in the mid-1970s some of the undergraduates had decided as a deliberate policy that the junior common room should express a proletarian ethos - "a rundown inner city pub, not a

A LIFE IN OXFORD
by Anthony Kenny

John Murray £20, 249 pages

gentleman's club". Those were difficult times when undergraduates wrote graffiti on the Balliol walls, thinking how clever they were.

As Kenny admits, however, student revolt was not nearly as dramatic as at some universities

abroad, and Balliol dons, left, right and centre, thought that Kenny was a thoroughly decent fellow, doing the best he could to maintain order while seeking to secure funds for the college's future. Since Balliol had a tradition of taking in foreigners, some of them none too poor, the latter task was easier than at other colleges, though it is interesting to note the contribution of the late Robert Maxwell, four of whose children went to Balliol.

Kenny fell in love with Balliol just as he had fallen out of love with the priesthood. As Master he had some mild criticism of the college's reputation for effortless superiority: "It was so much easier for the pupil to imitate the effortlessness than the superiority." He notes that Balliol turned down Bill Clinton for lack of academic merit, but passed him on to University College, which gladly accepted him. Yet it is the dwelling on the superiority - as

if there were three universities, Oxford, Cambridge and Balliol - that makes one understand why some people dislike the place.

There is one rather topical story. At the height of the troubles in South Africa the college decided to cease dealing with Barclays because of the bank's heavy involvement there. It switched to the Co-op. When Barclays reduced its links with South Africa, Kenny wondered whether Balliol should return to its old loyalties. The bursars advised, however, that the services from the Co-operative Bank were so superior to Barclays' that Balliol must stick with the Co-op. Truly, a classless, multinational college - with slight knobs on.

Meditation on the American psyche

Two of the greatest American novelists of our time have entered the autumn of their careers. They are both in retrospective mood, and what they are looking back on is America. I raise this because there are some striking points of contact between John Updike's *Rabbit at Rest*, which concerns a large, apparently simple man, of Swedish extraction, a sporting hero who is on the verge of extinction, and Philip Roth's new novel, *American Pastoral*, which concerns a large, Jewish man called Swede Levov, once a sporting hero, who is also on the verge of extinction.

Swede Levov contacts a schoolmate, Nathan Zuckerman, proposing to recount the life story of his father, Lou Levov. Zuckerman goes to the meeting out of reverence for the Swede, his childhood sporting hero. But Levov tells him very little. A few months later, at a high school reunion Zuckerman talks to the Swede's brother, The Swede has died. His idyllic life was devastated in 1968 by his daughter, who killed a passing doctor (a Gentle) when she blew up the post office in Old Rimrock, where the Swede had chosen to live the pastoral life as a fully-fledged American. His daughter went into hiding.

But look at this: in *Consider the Lilies*, Updike's most recent novel, there is a character who joins a commune out of a bewildered religious yearning, with similar fatal results. And in *Self-Consciousness*, Updike describes his experience of the sixties as being rather awkwardly hawkish. He mentions the obscure Jain sect, quotes the Minuteman credo and he talks about the angry kids who thought they could bring the war home by blowing up ROTC buildings. Roth's Swede Levov is an absurdly decent man, slightly hawkish, who tries nevertheless to understand the new credos (Roth quotes the same Minuteman text), and to keep a contact with his fugitive daughter, who has become a Jain.

Having a quick flip through Updike's *Self-Consciousness* to see if these remembered coincidences were more than that, I find Updike talking of Roth's amusement at his defence of the Administration at a dinner party back in the 1960s.

Could it be that Roth, in seeking accurately to create a character like the Swede, a Jew who wishes to live the American pastoral life, looked to Updike to find out what that famously contented man could teach him about the American idyll?

In *American Pastoral* Roth has kept his famous "self-mining" to a minimum; the book is apparently written by Zuckerman after the revelations of his high school reunion and may or may not be a true account of the facts. Zuckerman becomes almost invisible after the first 50 pages. His (and Roth's) investigation of Levov's life is an eloquent investigation of a generation of Newark Jews, the generation who made it out of the hellhole that Newark became, into the wider America, having started out in immigrant trades. The Levov family's glove manu-

AMERICAN
PASTORAL
by Philip Roth

Cape £15.99, 300 pages

facture is described in masterly detail which speaks of the Jewish desire to succeed. Lou Levov contrasts it rather pointedly with what he sees as black New Yorkers' desire to destroy.

As always with Roth, his very best is saved for his handling of fraternal relations and Jewish family dialogue. The relationship between the Levov brothers is subject to violent and cruelly funny re-evaluation. Old Lou Levov, the Swede's father, is a wonderful creation as is his surgeon brother. The Swede's wife, an Irish American beauty queen, isn't drawn with quite the same sureness of touch, though her betrayal of the Swede with her WASP architect is Roth at his most satisfyingly heartless.

American Pastoral is another fine book from Roth, at least as good as *Sabbath's Theatre*, full of insight, full of sharp ironic twists, full of wisdom about American idealism, and full of terrific fun. It has the added virtue of being a profound and personal meditation on the changes in the American psyche over the last 50 years. In Zuckerman-Roth's words: "I was a biography in perpetual motion, memory to the marrow of my bones."

Justin Cartwright



To the ends of the Empire

How", asked the sallying George V, "is the Empire?" An immediate reply to that anxious death-bed enquiry might have been something like, "Fair to middling, Your Majesty." Today's belated reply, some 61 years on, might, alas, be something more like a curt, "Don't ask, Your Majesty."

True, Britain remains, at least on paper, a major imperial power, possessing what is still the largest empire in the world, and, true, if one counts Hong Kong, the combined population of Britain's overseas possessions remains a relatively impressive 6,158,063. But once Hong Kong is handed over to China that combined population will shrink overnight to a far less impressive 158,063 (which includes the 59 inhabitants of Little Pitcairn).

Harry Ritchie, the author of this understanding but entertaining tour through the scattered remains - the "last pink bits" - of the once-great British Empire, confesses that it was only fairly recently that he realised that the Empire continued to exist, having previously believed "that Britain had lost or deliberately mislaid all its last imperial territories by about the time the Beatles were splitting up". (What a decade the sixties were: six years after Larkin believed that people lost their virginity to the sound of "I Wanna Hold Your Hand" the nation is thought to have lost its colonies to the sound of "Get Back".) It was only when Ritchie, flicking idly through *Pears Cyclopaedia*, came across a surprisingly long list of Britain's current dependencies, that he discovered the Union Flag still flies proudly over some 1,000 territories. Some of these territories,

it must be admitted, are mere lumps of rock with unromantic names like Norman, Nelly and Shag, and our most recent acquisition, Rockall, is a thoroughly uninspiring goblet of granite situated to the far west of the Hebrides; but Ritchie, nonetheless, was curious. What, he wondered, was it like on those lands where the sun still refuses to set on the old imperial power?

Consulting his newly discovered list, his first step was to cross-off his prospective itinerary all of those territories without known human inhabitants: British Indian Ocean Territory, Brit-

ish Antarctic Territory, South Georgia, the South Sandwich Islands, and an assortment of minute dots on the map (and poor Pitcairn, which Ritchie decided not to visit on the grounds that he just "didn't want to").

Contemplating what was left - six Atlantic islands and the small but significant rock of Gibraltar - Ritchie anticipated a journey that would take him to a variety of quaint and neglected outposts that sheltered exotic versions of "odd, touching and farcically inappropriate Britishness", exemplified, he imagined, by "gin-swilling nobles toasting Charles and Diana, pith-helmeted exiles who pined for farthings and Arthur Askey, EIR pillar boxes in the middle of the tropics, cricketing Falkland Islanders shivering in five layers of whites, beklited folk tossing cabers along Bermudian beaches [and] Tristanian cottages wallpapered with the Picture Post".

The vast majority of the people he encounters, however, once he actually arrives at each destination, seem, contrary to expectations, quietly contemporary and disarmingly prosaic. There are, of course, those places such as Tristan da Cunha (principal sources of income: crayfish and postage stamps), where something of the pace and tone of the old Baling comedies can be discerned without real effort, but much of what Ritchie writes home about is not much to write home about.

He thinks his wallet has been stolen by a teenager in Bermuda, but after pinning the supposed miscreant against the window of the local branch of Marks and Spencer, he realises that his money is still in his other pocket. He notes that certain protests had been reported recently in the Turks and Caicos Islands, but he admits that the latest of these "consisted of a few people standing around for a while". And that a new knitwear firm was established in the Falklands after an inspirational visit, allegedly, from the diminutive Jeff Banks and *The Clothes Show*.

Ritchie (writing as a kind of lapsed patriot) does, however, have a serious point to make, even though it takes him a long time and many digressions before he makes it. Britain, he says, has a clear moral responsibility to its remaining colonies, and, after surveying a few of the "imperial slums" among them, he contends that successive governments "under no pressure save that of mere principle" have "failed that simple morality test". The citizens of Hong Kong, one suspects, might well have something to say about that.

Graham McCann

Fiction/Susanna Rustin

Female masochism

Three of these novels by distinguished European writers share an image: that of a knife cutting human flesh.

Dacia Maraini's protagonist is Michela Canova, a radio journalist working in Rome on a series about unsolved crimes against women when her neighbour, Angela Bari, is murdered. The narrative traces Canova's investigation through a series of taped interviews.

Maraini is an outspoken campaigner for women's rights in Italy. Previous novels have dealt with historical cases of oppression. But the narrator of *Voices* is far from a didactic protester of wrongs.

Rather she offers a sophisticated analysis of seduction and the role of language. The "voices" of the title are the incompatible and changing accounts of the victim's life which Canova collects on her tape recorder and from which the truth must somehow be distilled.

As identities become enmeshed, Canova finds herself increasingly caught up. Through her female characters - the childlike Bari, the sister who is also a battered wife, and the prostitute Sabrina - Maraini shows how women can become complicit in the violence against them. Her detective story seems also to be a cautionary tale about the dangers of female masochism.

Where Maraini emphasises the importance of listening carefully - and critically - if we are to understand what people are really saying, *Slavenna Drakulic*, strangely for a novelist, takes as her starting point the limits of language.

Her characters, Teresa and

José, are foreign students in New York. The novel, narrated by Teresa, tells the story of their love affair.

"I stopped writing my thesis when I met José... At first I thought it was because my language was shrinking, retreating into itself."

Where language fails, the body takes over, as the couple give themselves over to a totally consuming desire. "Like two desperate, surrounded terrorists", they retreat from the outside world, entirely immersed in each other. "The longer we were together, the more I

felt that our skin and flesh were melting". A temporary separation moves Teresa to act, as her passion tips over into vampiric hunger, and her lover becomes her prey.

José's academic work concerns the 1972 air crash in the Andes, and the debate within the Catholic Church about the survivors' cannibalism. But this and other anthropological material sits uneasily with Teresa's description of the "destructive oblivion" of her relationship, and Drakulic's idea

that these grotesque scenes represent the limits of desire is hard to stomach.

The *Mistress of Silence* is the first of Jacqueline Harpman's novels to be translated from French into English. The scene is a closely guarded, Kafkaesque cage - until escape leads its 40 women prisoners out into a nameless, featureless desert. Unlike her companions the narrator has no memory of before, yet it is this curious, detached persona who manages to structure their absurd existence by learning to measure time. Counting the seconds and minutes until it was automatic, "I became a human clock".

Once on the move the female fugitives encounter many horrors. In time, the narrator finds herself called upon to perform a series of passionless, clinical mercy killings. Death looms large throughout. But the whole is too bizarre to be very sad. What Harpman seems to be gesturing at is the possibility of facing rationally a world absolutely without meaning.

Alessandro Baricco's *Silk* is a skilfully told tale about a mid-19th century French silk trader who falls in love with a concubine. The rhythm of his journeys to the Orient, and Baricco's brilliant use of repetition, make the story a formal success. But for all its art there is something ridiculous in the love letter, or just letter, addressed to "my master and beloved", which is the relationship's consummation - and which is translated for our travelling businessman by the madame of a brothel in Nimes. Perhaps "organ" works better in Italian. Having said which, the whole redeems itself with a striking twist - and all this in 91 pages.

VOICES
by Dacia Maraini

Serpent's Tail £9.99, 248 pages

THE TASTE OF A MAN
by Slavenna Drakulic

Abacus £9.99, 212 pages

THE MISTRESS OF SILENCE
by Jacqueline Harpman

Harvill Press £8.99, 184 pages

SILK
by Alessandro Baricco

Harvill Press £5.99, 91 pages

From page to stage

When I was five, my heroine was Peggy Ramsay.

She was my father's agent, doyenne of a chaotic, drama-charged office, and most importantly, she shared my passion for cats. Peggy, *The Life of Margaret Ramsay* by Colin Chambers resurrects Peggy and her agency at 14a Goodwin's Court, where she presided over a distinguished stable of writers from 1953 until her death.

It is an informed, meticulously researched biography. When Chambers suggested it, Peggy demurred: "Oh no, a book about me would be terribly boring wouldn't it?" He assured her that it would really be about the writers, then there's no problem. The problem is that it is too much about the writers.

Peggy herself was born in 1908 in Australia to English parents who lived in South Africa, precipitating her lifelong sense of displacement. Her family had converted from Judaism and Peggy, always conscious of snob-

bery, despised them. Her marriage to university lecturer Norman Ramsay was a means of escape.

Once in England, Peggy left Ramsay and became an actress. It soon became clear that she had an incisive eye for a play text. As a script reader, she established a reputation for astute judgment, theatrical instinct and the ability to mentally transpose a play from page to stage. In 1953 she set up her own agency, Chambers dwells diligently on her early clients. These included Eugene Ionesco, with whom she had a volatile affair, and Robert Bolt, whom she steered from obscurity to vast acclaim.

Peggy wooed her clients: each relationship was a love affair consummated by the production of a play. Success was her signal to withdraw. Like a wary mistress, she frequently reminded her clients that they were free to leave her. Those who did were not forgiven. Whilst

this is fascinating, the exhaustive accounts of her clients' careers make laborious reading. Chambers not only tells us who directed Bolt's plays, for example, but who nearly directed them. Somewhere in all this data, Peggy is lost. She emerges again through Peter Nichols, Alan Ayckbourn and,

PEGGY: THE LIFE OF MARGARET RAMSAY
by Colin Chambers

Nick Horn Books £20, 288 pages

famously, Joe Orton. Peggy is perhaps best remembered as the person who discovered Joe Orton, later murdered by his lover Kenneth Halliwell. Chambers provides a wonderful Peggyism: "I am not being sentimental when I say that Joe wouldn't in the least mind being killed by Kenneth."

Not until Chapter Six does Chambers focus on Peggy herself. He proves to be

skilled in analysing her paradoxical nature. Highly sexual, she nonetheless renounced sex and, despite her unselfconscious physicality, (she was often to be found with her feet on her desk, knickerless), she was puritanical. She was obsessive and could be ruthlessly detached. Her responses were both visceral and discriminating. She was fiercely loyal and wildly indiscreet. She consummately served every client in whom she saw talent yet she cruelly discouraged many. A glamorous, garrulous galvanising force, Peggy was, in her words, "available to life".

After this pivotal chapter, Chambers discusses Peggy's alliance with the Royal Court, and her discoveries Christopher Hampton and Stephen Poliakoff. Again, he is scrupulously factual but now the detail is interesting because he has established Peggy.

By the time Peggy was

diagnosed with Alzheimer's disease in 1984, she was disenchanted with the theatre, but grimly championed it against television and film. In 1991 a fire gutted her agency and days later, her longtime companion Bill Roderick died. Grief was an unexplored emotion for her; she had always sacrificed the personal to the professional. Clients were substitute sons and lovers and she had never suffered such a direct loss. She died later that year.

Colin Chambers' biography is often repetitious, but it is also a wry elegiac account of Peggy that honours her without deifying her. Like Peggy herself, Chambers neglects Bill Roderick and life outside work, but he captures an indomitable spirit and a sadness beneath the élan. As he asserts, Peggy's contribution to the British theatre was as groundbreaking as that of Kenneth Tynan or Joan Littlewood. It is high time she got her percentage.

Amy Rosenthal

هكذا من الشغل

ARTS



The group of torch-lit revellers going home in 'The Castle from Datchet Lane on a Rejoicing Night, 1768' by Paul Sandby

The most romantic castle

William Packer admires the Sandby brothers' timeless watercolours of Windsor

Windsor Castle has been in continuous occupation now for something over 900 years, a history which no other fortress in the world can match. With the rambling additions and accretions of centuries, it had by Pepys's time already achieved more or less its present extent, if not appearance. To him it was "the most romantic Castle that is in the world." And ever since William the Conqueror first occupied that strategic chalk eminence above the Thames, it has remained closely associated with the kings and queens of England.

Of course, it was associated with some more closely than others; and while it was never at any time ignored, the middle decades of the 18th century saw the castle and its great park as accessible, informal and integrated with the town, as perhaps they have ever been. That period was before Farmer George III began to spend more of his time upon his agricultural improvements during the 1780s, and before George IV and his architect, Sir Jeffrey Wyatville, in the 1820s began to change it, superficially, for ever. The castle was still very much the

one that Pepys had seen. That we should have so complete a picture of that "romantic" castle as yet untransformed is due almost entirely to the work of two founder members of the Royal Academy, the Sandby brothers, Paul and Thomas.

It was through Thomas, the elder of the two, that their long association with Windsor came about. Born in about 1721, he was by the 1740s a military draughtsman in the train of the Duke of Cumberland, whom he followed through the Scottish '45 and then the Netherlands campaigns. Cumberland had been appointed Ranger of Windsor Great Park in 1746, and it was under his patronage, later as architect, that Thomas was to remain at Windsor, a short spell in London apart, until his death in 1798.

Paul (1730-1809), the rather stronger and more natural painter of the two, never had any such formal connection with Windsor, though his brother's influence no doubt helped him in getting a job on Cumberland's post-Rebellion survey of Scotland. But he spent much time at Windsor, for the two were evidently close, despite the age difference, after working together on

the same paintings. To anyone familiar with Windsor, especially as it was in the 1950s, long before the present constraints on access and heritage-driven smartening-up came in, the cumulative picture the Sandbys present is especially poignant. For the surprise comes not at all at what is different, but at what is, or was, still so very much the same.

The differences of course are fascinating, with Paul's work especially rich in the circumstantial detail. There is the old Queen's Lodge and the houses below it that, then cut off the castle from the Long Walk. Charles II's great avenue out into the Great Park. He shows us the pretty houses beside Henry VIII's castle, the Tudor gate on Castle Hill, that were removed to "improve the town" in the 1850s. His ramshackle Town Gate just above them, across what was the Datchet road through the park, its door off its hinges and the houses just inside, they too are all long gone. But there, through the arch is the same old view down to the top of Farnham Street, and is that sign on the left for 'The Horse and Groom'? It ought to be.

In through Henry's gateway we go, and there just ahead is the little lodge still, where Charles I's body rested overnight before its clandestine burial in St George's Chapel. Up the hill to the Round Tower on its original mound, which might not be now the stumpy keep it was in the Sandbys' time, though its fabric is readily distinguishable. But Paul shows us to a step which I used to ascend every summer as a boy, for the tower was usually open when the Queen was away, the view spectacular.

Thomas's work is always the more conventional in its architectural or topographical interest. Paul's the more robust, lively and adventurous in both composition and technique. For Paul was one of the true pioneers of the characteristic English watercolour, at once setting out the example that the younger generation of Cox and Turner would exploit so freely, and yet anticipating in its detail something of the robust and anecdotal frankness of a Rowlandson.

He brings to the paint a richness of surface and strength of contrast that in watercolour are remarkable, especially for his time. His often forced and low perspectives are always arresting, his dusk and

night-time paintings remarkably effective and impressive.

The incidental detail that informs his work is a delight - the scarlet-coated soldier chatting up the housemaid; the mason sawing away at his block of stone; the group of torch-lit revellers going home along the Datchet lane. The lovers flirting together in the summerhouse that once stood beyond the east terrace of the castle, is the most delightful image of them all.

In my review of the NatWest Painting Prize exhibition last Tuesday I linked the Jerwood with the Turner and NatWest as being Prizes that present an exhibition only of their short-listed artists' work. I gave the impression, which I now know to be misleading, that the Jerwood relies upon a submission of slides in the first instance. For this I apologise unreservedly. The Jerwood Painting Prize insists upon the work itself being submitted, with collection-points for its current competition set up around the country.

Views of Windsor - watercolours by Thomas and Paul Sandby. The Queen's Gallery, Buckingham Palace SW1, until July 13.

The Tate celebrates its centenary

When a national cultural institution celebrates its centenary there are often mixed feelings. Pride is tempered by a suspicion that the glory days of expansion and innovation are over.

The Tate Gallery, however, which celebrates its centenary in July, is looking forward rather than back. It is marking the anniversary with a display of its "top 100" artworks but there is little nostalgia about past achievements. The future of this ill-starred institution looks set to be far healthier than its past.

For much of its history the Tate has been a glorified dustbin - a repository for art that the National Gallery deemed to be sub-standard or not respectable. Founded as a branch of the National Gallery, the Tate initially had responsibility for British art and only became independent in 1954. In the rest of Europe, the art of the host nation was incorporated into the European collections of the main museum (such as at the Louvre or Prado), but the National Gal-

lery trustees in London were unwilling to include British art.

A major collection, given to the nation in 1897, ended up in the basement at Trafalgar Square. After public protest, it was off-loaded to the Victoria and Albert Museum, which collected British art until the sugar magnate, Sir Henry Tate, gave £80,000 to finance a purpose-built gallery for British art at Millbank. None of the V&A's collection was handed over to the new rival. Even today the Tate owns no work by Nicholas Hilliard, the greatest English miniaturist (the V&A has 44), no pre-20th century sculpture, no photographs, and a patchy collection of watercolours.

In 1917 the Tate was given responsibility for another National Gallery reject: modern foreign art. But the gallery's trustees did not want the Tate to engage wholeheartedly with modernity. "We have not in our mind any idea of experimentalising by rash purchase the occasionally ill-disciplined productions of some contemporary continental schools," whose work

might exercise a disturbing and even deleterious influence upon our younger painters."

For impressionism was about as outé as the Tate was prepared to go before the second world war. Works by Rouault and Matisse were refused when offered as gifts in 1926 until the late 1930s. And director James Bolivar Manson once advised H.M. Customs not to admit sculptures by Brancusi, Arp and Calder into the country as works of art.

A temporary cessation of hostilities occurred when Manson retired in 1938. Later that year, Hazel McKinley, sister of Peggy Guggenheim, presented an early abstract painting by Wassily Kandinsky, and it was accepted. Yet soon after, when more Kandinskys were offered, the gift was rejected, and to this day the Tate owns a single Kandinsky.

The Tate has not just been hampered by its split personality and status as a colony administered by the National Gallery. It

has also been dogged by lack of money. It had no annual grant for purchases until 1946, when it received the derisory sum of £2000. Worse, the National Gallery re-claimed art when it was no longer considered "modern". By the early 1980s, most of the Tate's Impressionists had been recalled to Trafalgar Square.

News of the transfer of the international modern collection to Bankside in three years has been welcomed. The plan to keep British art at the Millbank site, and the consequent increase in display space, is already paying dividends. The Tate can now negotiate for loans with greater confidence, and attract more gifts. Discussions are in progress with the V&A about borrowing some of its British art, and the Stuttgart-based Froehlich Foundation has put a large collection of post-war German and American art on long-term loan. For the revitalised Tate Gallery, the next 100 years, rather than the last 100, are the main focus.

James Hall



'Cossacks' (1910-11): the only Kandinsky in the gallery and one of the 'Top 100' pictures

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Rodney Ackland, whose play *After October* opened last week at the Minerva Theatre, Chichester, was never fully appreciated as a playwright during his lifetime. Dying in 1956, he did not live to see the acclaimed production of his play *Absolute Hell* at the National Theatre or to reap the benefits of a revived interest in his work.

After October has a semi-autobiographical feel about it, containing much of the bitterness and thwarted energy that Ackland himself must have felt. The Monks, once a carefree middle-class family, are now cramping and making do, hiding from the tradesmen and from the truth about their situation.

Dorothy Tutin plays Rhoda Monkham, the

Theatre Hope springs eternal

musical actress and "the belle of New York". She reminds one of an ageing Nora from Ibsen's *A Doll's House*, filling the house with energy and waiting for a miracle to happen. Struggling to make something bright and gay from her threadbare existence, she is like the Scarlet O'Hara of the suburbs, not wanting to think today about what could happen tomorrow. The household is suffused with a barely suppressed

to see but not to see the meannesses and compromises that have crept up on them. In the Bohemian menagerie that collects in the house, everyone from Mrs Batley the cleaner to the penniless and bitter poet Olive Nashwick is pinning their hopes on the success of the son Clive's play.

The histories of the characters are revealed slowly, layer by layer, each story containing its own disappointments and longings. The strong cast surrounding the central roles of Tutin's Rhoda and Nick Waring's Clive creates a real sense of the historical moment of the play. And in the actors' movements there is a wonderful sense of period, which is enhanced by the subtle details of Robin Don's set.

Even if, with a modern eye, there is a touch of *The Waltons* to the ending of the

to write the play we have just seen, there is much that is enduringly touching in this story of hope triumphing against despair.

Sam Albasini

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Radio/Martin Hoyle

Aunts in the limelight

We live in paradoxical times. A new Labour MP, with affectionate exuberance, rhapsodises to the electronic media on the symbolism, tradition and sheer theatre of the opening of parliament, and a Dimbleby (David) dumbs down the same process with empty-minded sneers, thus proving that talent can skip a generation.

The media's own David and Jonathan might be siblings from Jane Austen: bullying, shallow self-importance juxtaposed with the reticently worthy. This thought was prompted by the new serialisation of *Mansfield Park*, the least popular of Austen's novels - surprisingly in view of the underlying toughness (Fanny's real sexual jealousy, the richly ambivalent Mrs Norris) that should commend it to modern taste. Elizabeth Proud (adaptation), Sue Wilson (direction) and the first-rate Amanda Root (Fanny) make an experienced team. So far all is enjoyable, though Robert Glenister's emphatic attack turns the sensitive Edmund into a more vigorous character than expected - perhaps to avoid modern accusations of wimpiness.

As Walter Allen pointed out in *The English Novel*, Aunt Norris is the most nearly odious character created by her scrupulously fair author. Jane Lapotair has a splendid crack at her: she knows the character is ridiculous as well as nasty but never overdoes the comedy in case we sympathise with her. Norris is the ancestor of all destructive aunts in English literature, notably those in Saki who, while never admitting they dislike their young relatives, derive huge pleasure from crushing all spirit out of them. I miss the almost psychopathic inertia of Lady Bertram, but otherwise this is a palpable hit. And Cathy Sack's Mary transforms a small part into a vivid - well, loud - vignette.

Though horrid, Aunt Norris is funny in an appalling sort of way, and listening to another new serial, *Travels with My Aunt*, I realised that a male performer might get over her undoubted old baggishness. This was suggested by the casting as Aunt Augusta (not in this case Lady Bracknell, yet another terrifying aunt) of

"Dame Hilda Bracket", one half of the Hinge and Bracket drag comedy act. I expected the worst: Graham Greene meets Danny La Rue; but the role was played - well, straight, you might say. A slight quavery decrepitude sounded perhaps a fraction too old - in the film it was Maggie Smith; but then her nephew was made more youthful too, while Radio 4's Charles Kay is just right as the middle-aged bachelor plunged into a late-flowering fulfilment of adventure, crime and double-cross. Scepticism gave way to cautious pleasure. If Fiona Shaw can play Richard II... Roll on (metaphorically) Miriam Margulies as Stanley Kowalski and Julian Clary as Blanche Dubois.

Or indeed Gaza in drag. The FT's Patrick Harriverson touched on the value of sporting stars to the advertising industry in Radio 5 Live's *Getting Your Money's Worth*. One of Nike's hot properties is a six-foot-eight American celebrity who attacks spectators and camera crews besides wearing - perhaps to avoid modern accusations of wimpiness - make-up (during play?). On the other hand, a surprising fastidiousness led to the withdrawal of all endorsement contracts from Michelle Smith, Ireland's Olympic triple-gold medalist, following unsubstantiated allegations of drug-taking. Are women subjected to the old double standards? It may be so even though advertisers have women in mind when they make commercials (nice smiles are important, Vinny).

Radio 3's India Season is one of those veins of gold almost overlooked in a landscape still crowded with good things. The Sunday Feature, *The Nine Cities of Delhi*, touched on bloody history and magnificent architecture, with wonderful anecdotes about Edwin Lutens's feuds with, and upstaging by, his assistant. Lutens's imperial capital was the eighth Delhi. One speaker recalled his childhood superstition that there would be only nine. Already urns are erected on famous poets' tombs, the city is choked with cars, and everything is dominated by "greed and competition". It struck a familiar chord.

ARTS

A surrealist swipe at modern society

Stephen Pettitt reviews the first English production of Maxwell Davies' opera, 'Resurrection'

Peter Maxwell Davies' surreal anti-establishment opera, *Resurrection*, finished after lengthy gestation in 1987, has had a hard time establishing itself. A first production in Darmstadt wore or less ignored the composer's directions for its staging. Then the piece was forgotten altogether, until it cropped up in Davies' 60th birthday celebrations a couple of years ago, when the composer conducted a live, unstaged performance that Collins Classics issued on CD as part of its commendable commitment to Davies' work.

But Davies does not make things easy, as this first production in English at the Theatre Royal, Glasgow, given as part of Glasgow's Mayfest by the Wiener Taschenoper and Flemish touring company Muziektheater Transparant,

demonstrates. (Neither should he, since making things too easy is the work's warning message.)

The first problem for a director is how to knit together a work made in short, colliding sections divided between three spatially separated, musically disparate groups.

For beneath the main action, which takes place in a working class family's living room, stand two groups. One is a quartet of amplified close-harmony singers who sing the *Angels for the 24 TV ads* - based on Dürer's woodcuts of the Apocalypse of St John but promoting increasingly dubious products sold under the Joe Cannon marque - while the pictures are relayed to dozens of

on-stage monitors. The other is a rock band responsible for the music accompanying the dancing cat-turned-dragon who is manipulator of all.

Then there is the problem of the multiplicity of roles - establishment figures, professionals in law, religion, education, politics, medicine, mixed with the odd Greek God that pops up periodically from one of the trap doors, and even the Antichrist - with each singer doubling, tripling, or quadrupling up.

These characters are co-conspirators, the pseudo-moralistic limiters of personal freedoms. As the vaudeville scene where bishop,

policeman, trade union leader and judge indulge in sexual activities in a public lavatory illustrates, they are hypocrites to boot. Since they are all different sides of the same coin, we could accept their profusion had this production of a complex, busy, deliberately non-linear piece been given with clearly-focused intent.

But the frustrated anger that powers Davies' work seemed deflected in Leo Kriskich's production, whose farcical, comical aspects were allowed to lighten the proceedings too much - a matter of underlying approach rather than of definable movements or vocal inflections.

Without such anger this bizarre, powerful piece, a diatribe against the catch-all, hand-me-down sloganising of modern society, becomes dilute, especially given instrumental playing, under Peter Bergamin, that also lacked the aggressive bite which Davies' performance on record certainly possesses.

Inaudibility of text conspired further against this courageous, adequately sung stab at the piece. We missed entirely the opening words of Mam (the countertenor Paul Zachariades) berating her son, the dummy hero, for his self-abuse. Jan Lund's absent-minded Vicar - a Satan figure, as the red tights under his cassock and his

parishioners Mrs Cerberus et al suggest - though clearer in enunciation, was too weak of voice to be heard above the (smallish) instrumental ensemble.

He was far more effective milked up as the white-bewigged, fake-tanned Hot Gospeller, his heavenly host of buxom beauties gyrating suggestively around him to the accompaniment of the Salvation Army band's dangerously catchy Sankay and Moody-style tune. (There was no denying the biting satire here.) And the rock group's heavy metal approach meant that their singer's words - the voice of the cat-turned dragon that dances "alchemical dances" - were

drowned in a sea of fancy electric guitar work and savage percussion.

The end result of the surgery performed upon our dummy-hero to correct his individuality is a protuberance in the shape of a machine gun that unexpectedly springs from his groin. The message - wouldn't you know it? - is that a society that negates individuality, liberty and depth of thought, and works on the basis of simplification, mass indoctrination and so-called market forces creates regimes that deal in the currency of tyranny.

Of course, last week Davies was preaching to the converted. We sophisticated in the audience, though probably to a degree style victims and telly addicts all, are at least aware of what is being done to us in the name of "healthy" economies and "stable" societies. We are, aren't we?

Making hay with Mozart

Richard Fairman reviews Opera North's new production of 'Cosi'

Before its new production of *Così fan tutte* on Wednesday, Opera North announced details of its 1997/8 season. The company, often described as Britain's most adventurous, has certainly come up with something different, if strangely balanced. Those who like American musicals will be pleased to have both Sondheim and Gershwin, while there is also Martin's rare and hypnotic *Julietta*.

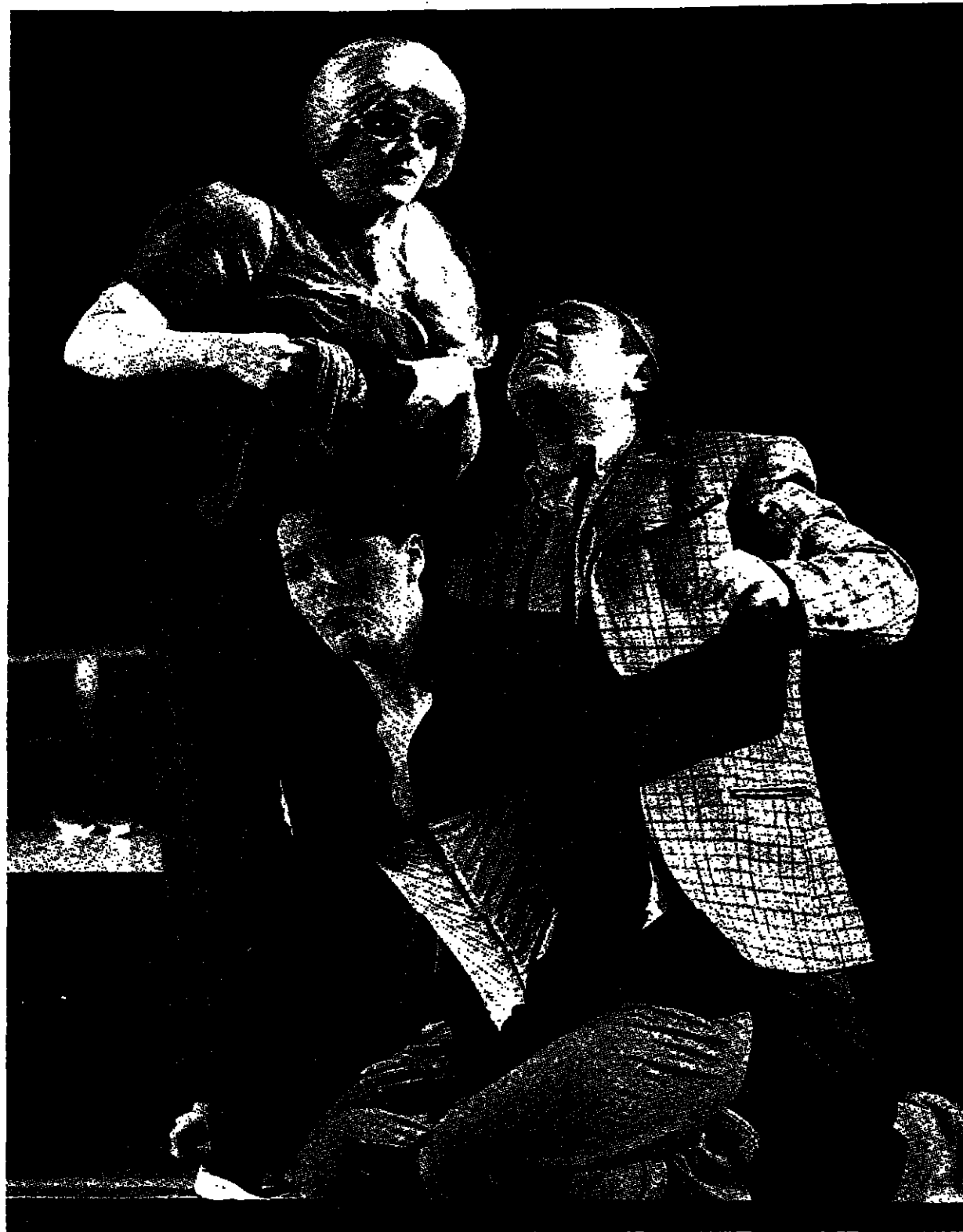
Of course, the question we all want answered is who will be music director once Paul Daniel has departed for ENO, but the official line is simply that a number of names are under consideration. At *Così* the conductor was Claire Gibault, a familiar name in France here making her Leeds debut. Her Mozart was well-paced and decisive to the point of sounding snappily business-like: there was no lack of drama, but a bit more affection would have been nice.

Tim Albery's production is a cut-price version of what we see at Covent Garden. Both set the opera in the present day, but the budget in Leeds does not run to costumes by Armani, even now Harvey Nichols has opened down the road. Albery offered minimalist sets of no particular interest by Matthew Howland and Robin Rawstorne, dull lighting and only a handful of perceptive ideas, not enough to stop an updated *Così* from falling into the trap of starting to

seem silly. The characters looked and behaved like media people (i.e. they wore designer shades and emoted very theatrically). Susannah Glanville has Fiordiligi's music well under control, although the quality in her very alive and bright soprano is to be found more at the top than the bottom. "Per pietà" was short on tonal and emotional depth. She played the confident sister to Emma Selway's nicely diffident and uncertain Dora-bella.

The singer who really cut through to his character's inner feelings was William Dazeley, who made Guglielmo's suffering the opera's most important outcome. Paul Nilon's Ferrando was most convincing in anger and frustration; Jonathan Best made a Don Alfonso who took disinterest to an extreme. Linda Kitchen worked hard as Despina, especially in disguise as a dumb blond American paramedic and a fussy lawyer, but the latter's legalistic eye for detail did not extend to singing the notes.

In total, this performance added up to less than the sum of its parts. Perhaps it would have seemed less trivial if the translation had rationed its clichés. Don Alfonso's next wager should bet on the cast's ingenuity to get through the evening without making hay, counting their chickens or losing their marbles.



Media orientated: Linda Kitchen, Paul Nilon and Susannah Glanville in Tim Albery's production

Theatre/Ian Shuttleworth

Reflections on 'Miss Julie'

Productions of Strindberg's *Miss Julie* crop up with the frequency of tabloid moral crusades; Laura Harvey's version (in Meredith Oakes' translation) in the Derby Playhouse Studio is the fourth I have reviewed in less than three years with this newspaper, and I have by no means cornered the market in *Miss Julie*.

For once, though, this is a production which steers clear of over emphasising either social class or sexual tension at the expense of the other, or both to the detriment of the drama as a

whole. Here, both Miss Julie and her father's footman Jean seem to be saying what they think and feel as the notions occur to them, rather than engaging in a mutual cat-and-mouse game; only in the final third of the play are voices raised more than momentarily.

Max Gold's Jean is clearly ambitious, but is more of an opportunist than a predator,

and thankfully almost devoid of the preening to which all too many actors in the role resort; this Jean's dreams of social ascent are far from cold-blooded. As Miss Julie, Mairéad Carty hits absolutely the right note when called upon by the script to grow fraught, but lets off rather too many premature warning shots in the form of little gasps or nervous half-laughes; were she to find more often the quiet power of her protest to Jean, "I'd gladly shoot you like an animal," her performance would be near faultless.

Janice McKenzie's Kristin undergoes the most telling changes: rather than the usual, dully affable appendage (too often Jean's betrothed scullery maid seems to be present simply to break up otherwise endless dialogues), McKenzie plays her as a survivor, infused with a grim, sardonic awareness of goings-on around her and clad in an auditory strain of Christianity - in fact, given the accent which the actress uses, Kristin comes across as an upright, responsible Ulster Presbyterian. Amid

such welcome undemonstrativeness, the eruption of a couple of lasciviously capering modern-dance peasants, gyrating through the kitchen while Jean and Miss Julie are otherwise engaged off-stage, is the only major indulgence of the evening.

McKenzie returns after an interval to perform a modern response piece to the play, Louise Page's 20-minute monologue *The Statue of Liberty*. The narrator is Christine, who is teamed up with her colleague John to sell the inside dope upon moral crusader Julia to a tabloid

paper. Although not quite self-sustaining, Page's piece is a clever commentary upon Strindberg's play, filtering the original relationships and attitudes at high speed through a contemporary media-political nexus, in which power and scandal are located not in country houses but along the Hampstead-Docklands axis. This Christine is direct and assured, throwing further light upon McKenzie's characterisation in the main play - when she says, "I didn't do it for the money," she sounds quite plausible; toy-ing with her passport as she speaks, she is the only character in either play with any prospect of escape.

In the summer of 1984 the FT ran a "Top Ten" series in which writers chose their favourite golf courses, backbench MPs, wine vintages and so on. My top ten sitcoms at that date were: *I Love Lucy*; *Billy*; *Stepie and Son*; *Till Death Us Do Part*; *Dad's Army*; *M.A.S.H.*; *Porridge*; *Fawlty Towers*; *Don't Forget to Write* and *Soap*. Thirteen years on there would be worryingly few changes, the new contenders for places being *Blackadder*, *Red Dwarf*, *Fraser*, *Drop The Dead Donkey* and *Waiting For God*.

Derby Playhouse until June 14 (01332-363275).

local glint never far from his eye. Henry's pieties sound at times like the hollow utterances of a bogus cult leader. Whether this feeling of constant calculation is attributable to the character or the actor is difficult to tell, but it works diametrically against the prevailing atmosphere that this production - atrocities of war, pangs of kingly conscience and all - is at bottom a bit of a lark.

This is a modern-dress production, with the troops kitted out in urban camouflage and wielding long-handled police batons, and the sounds of battle augmented by - of all things - a digger-ido. Some of the gimmicks with which the show is laden work nicely, some only partially, some - such as the tipping from the gallery onto the stage of a couple of bushels of tennis balls - are utterly pointless.

Jamie Glover's profile is rising all the time, and he brings a magnificently rich voice to the part of Henry. His performance, however, is deeply unsympathetic, culminating in the "little touch of Harry in the night" scene which serves in fact to emphasise this king's lack of

The highlight of "Sitcom Weekend" comes with *Lazily Jubbly* at 7.35

tomorrow, a programme which deals not with comedy series or performers but with some of the more extreme enthusiasts who become obsessed with them. We watch Margaret Calne as she takes a cake for John Imman and then travels to the town where he is currently working to give it to him. It seems she has been doing this for years. We watch Leon Platt digging the garden while dressed up as Compo from *Last Of The Summer Wine*, a show which employs him occasionally as a double. And, weirdest of all, we watch Mark Pearson who, armed with black and white stills, comes to London to identify the locations where episodes of *Stepie and Son* were shot.

Some of the comedies in this weekend collection may not be too funny, but these people are a laugh a minute.

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Garden shows are more often than not the theatrical equivalent of picnics - light affairs tailored to the enjoyment of a summer evening out of doors. As far as Shakespeare goes, one would expect one of the festive comedies, or just possibly a problem play or a late romance. In short, such a staging of *Henry V* is a little out of the ordinary.

Edward Hall's production at the Watermill is a curate's egg in this respect. After beginning in the auditorium (with seating on all four sides of the playing area, although the action is staged primarily towards the main bank), the all-male cast shepherd the audience outside to "France", where the building's frontage serves as the walls of Harfleur. After the interval, the space to the rear of the mill is used to great effect, as Princess Katharine of France performs her toilette directly beside the mill-race

Harry Hotspur as a bit of a lark

Police horse makes a cameo appearance as the Dauphin's mount. Rather perplexing, then, that we should re-enter the theatre for the battle of Agincourt itself.

Equally mystifying is the choice of music: during the interval of this English nationalistic play, the cast perform a brief set of Irish folk numbers, and the English troops make their first entrance and final exit singing "The Pogues". A Pair of Brown Eyes. Christopher Myles, too, delivers Nym's lines in a northside Dublin drawl, although when playing the Princess's maid Alice he bombards us with some magnificent French patter. Robert Horwell is likewise irrepressible as Pistol, and even more so in the

interval to perform a modern response piece to the play, Louise Page's 20-minute monologue *The Statue of Liberty*. The narrator is Christine, who is teamed up with her colleague John to sell the inside dope upon moral crusader Julia to a tabloid

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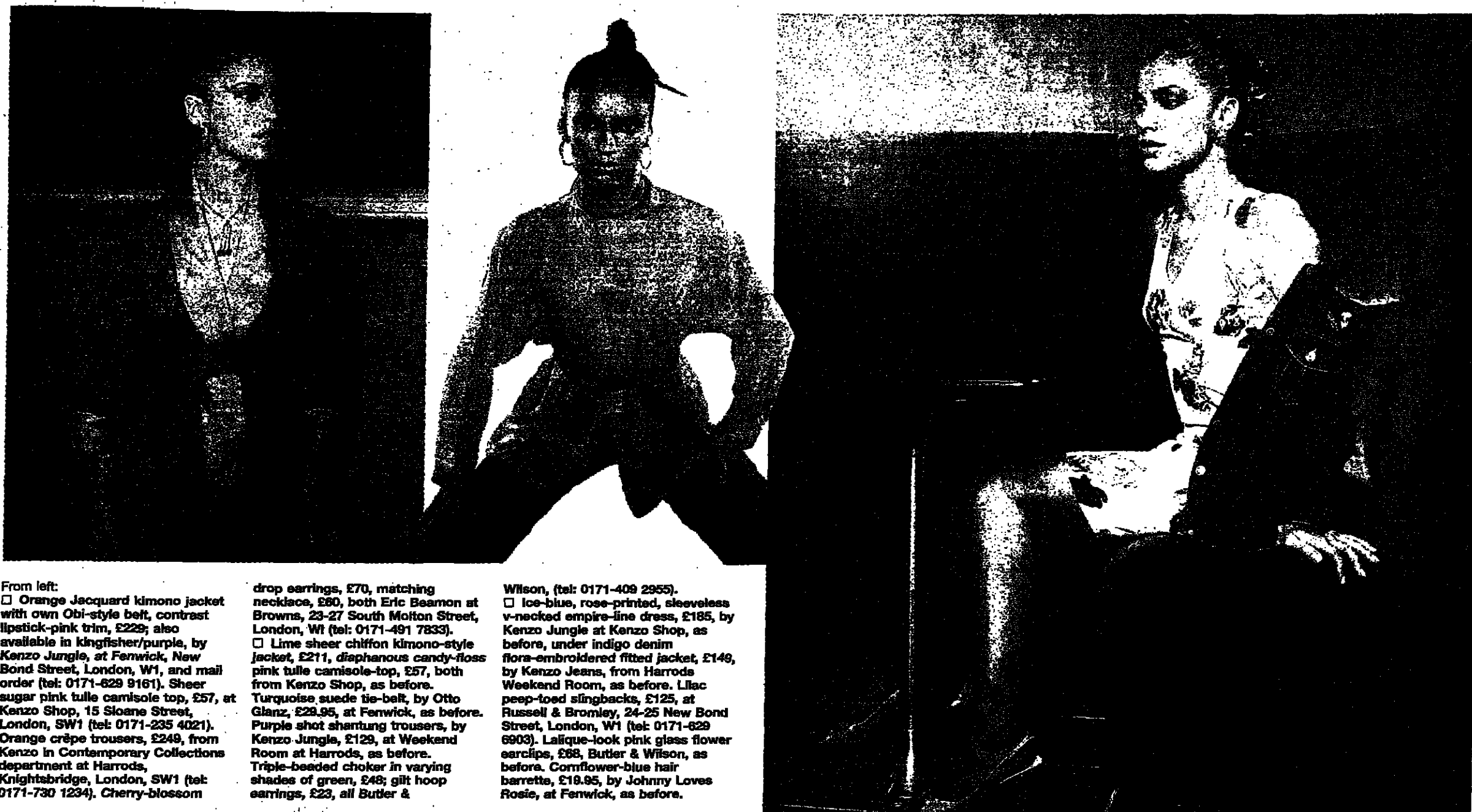
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How to Spend It



From left:
 □ Orange Jacquard kimono jacket with own obi-style belt, contrast lipstick-pink trim, £225; also available in kingfisher/purple, by Kenzo Jungle, at Fenwick, New Bond Street, London, W1, and mail order (tel: 0171-629 9161). Sheer sugar pink tulle camisole top, £57, at Kenzo Shop, 15 Sloane Street, London, SW1 (tel: 0171-235 4021). Orange crêpe trousers, £249, from Kenzo in Contemporary Collections department at Harrods, Knightsbridge, London, SW1 (tel: 0171-730 1234). Cherry-blossom

drop earrings, £70, matching necklace, £80, both Eric Beamon at Browns, 23-27 South Molton Street, London, W1 (tel: 0171-491 7553).
 □ Line sheer chiffon kimono-style jacket, £211, diaphanous candy-kiss pink tulle camisole-top, £57, both from Kenzo Shop, as before. Turquoise suede tie-belt, by Otto Glanz, £29.95, at Fenwick, as before. Purple shot shantung trousers, by Kenzo Jungle, £129, at Weekend Room at Harrods, as before. Triple-beaded choker in varying shades of green, £48; gilt hoop earrings, £23, all Butler &

Wilson, (tel: 0171-409 2955).
 □ Ice-blue, rose-printed, sleeveless v-necked empire-line dress, £185, by Kenzo Jungle at Kenzo Shop, as before, under indigo denim flared-embroidered fitted jacket, £146, by Kenzo Jeans, from Harrods Weekend Room, as before. Lilac peep-toed slingbacks, £125, at Russell & Bromley, 24-25 New Bond Street, London, W1 (tel: 0171-629 6903). Laliq-look pink glass flower earrings, £88, Butler & Wilson, as before. Cornflower-blue hair barrette, £18.95, by Johnny Loves Rosie, at Fenwick, as before.

Fashion

Kenzo on the comeback trail

With a palette of explosive colour and florals, the Japanese designer is about to be rediscovered, says Jackie Modlinger

Kenzo is back. The smiling, bearded designer Kenzo Takada, "The Most Parisian of the Japanese", has plenty to beam about, as he is on the verge of a revival. In the cyclical world of fashion, the diminutive 59-year-old Kenzo comes into his own this season as his current collection epitomises the mood of the moment. "Say it with Flowers" is his maxim, and his audacious treatment of flora and fauna, the rose-print blooms in particular, is his trademark.

And in a season where explosive colour is making a comeback, Kenzo is fortunate that his forte is the eclectic use of colour, whether a bright postcard-like, often clashing, atonal, or pastel palette. He is at the forefront of the trend for transparency, ruffles and the revival of Jacquard knits.

Kenzo's designs are inspired by traditional Japanese clothing - a throwback to his childhood in Hyogo, where his father managed a teahouse, frequented by kimono fabric merchants. Their regular visits doubtless made an impression on the young Kenzo, who later re-worked the original "flat cut" technique of kimono-cutting with new proportions designed to liberate the body.

Some of his milestone collections confirm that Kenzo certainly has The Whim of the Wanderlust. Over the years we have been taken on some memorable, magical mystery tours, transported in his thematic fashion to the wild west, the South Sea Islands, south-east Asia, to Peru, Mexico, Spain, Arabia and a passage to India.

Themes like Russian Doll (rose-prints again, mixed with paisleys, used for peasant, big tzigane skirts, tiered and petticoated, masculine bowlers, atop Babushka scarves), the Big Top, Cabaret, A Thousand and One Nights and children's fairy-tales have all been inspirational. Scotland spawned combos of mismatched tartans and McNutt tweeds, Ireland Arans, re-coloured according to Kenzo.

The designer is having a love affair with flora, fauna and lepidoptera - the Fauvistes feline, Rousseau-esque paw-prints, often deliberately disparate. Tiger, leopard and zebra are magically mixed with rose blooms.

You can always count on Kenzo to produce the "must-have" shirt or blouse of the season, usually a dramatic,

romantic style, often like a choirboy's or a variation on a man's dress shirt, with pleated or pleated collar and cuff detail. Many are collectors' pieces.

Kenzo must also take credit for putting us into flat, practical shoes and espadrilles. "I am aware that high heels lend a better line of leg and that clingy dresses are sexy, but they are not my style. Certainly eroticism exists in Japan, but it is different from sex appeal in the west. I prefer subtlety to overt sensuality and, to me, sexy fashion is always calculated," he says.

Today, everything in Kenzo's rose garden may be flourishing, but it was not always thus. He epitomises the determination of the Japanese work ethos, and it was only after a long, hard apprenticeship that the designer made his mark.

The young Kenzo's passion for fashion was sparked when he tried to copy designs featured in the girls' magazines that his older sister read. He also dressed his sister's dolls. "That was my first brush with fashion," he recalls. Kenzo returned to follow his sister to fashion college, but at the time boys were not admitted.

Bored with the alternative - studying English Literature at Kobe Gakuin University - he left after only a term.

He managed to secure a place at a celebrated Tokyo design college, despite his parents' disapproval. He found a job with a house-painter who gave him food, lodging and a pittance of a salary, but it was enough to finance his evening classes as well as a correspondence course in fashion. He graduated in 1960, winning the Soen prize, a contest organised by the fashion magazine of the same name.

Kenzo reached Paris by steamboat, via Marseilles, in January 1965. The Gare de Lyon was cold and unwelcoming, and he resolved then that whatever the season, his designs would always be imbued with an element of vibrant colour.

From his tiny room in Clichy, near Montmartre, Kenzo found little affinity to fashion of the day. "Everything was in Shetland, with navy, British school-uniform-style coats, lots of kilts, Chanel and Hermès-style bags, pearls and Italian shoes," he recalls.

Things could only improve. And they did. Friends introduced him to haute couture and he managed to charm his way into



White silk shantung suit with daubed Oriental flora-print. Mao-collared jacket, £285; matching long, slim skirt with deep side slit, £139, both Kenzo Jungle, at Fenwick, as before. Cranberry-coloured platform sandals with flower trim, £165, from Stephanie Kellian, 48 Sloane Street, London, SW1 (tel: 0171-235 9489). Turquoise Venetian button earrings, £58, at Butler & Wilson, as before.

the shows of Pierre Cardin, Dior, Chanel and Pierre Balmain, but he felt a great disparity between his own designs and those he saw at the showings.

"Everything seemed so beautiful, impeccably made, so perfect that I felt sad and discouraged. I thought that I would never achieve those standards, so perhaps I should change my career direction," he said at the time.

Kenzo persevered. He survived by selling designs to Louis Feraud, Elle and Jardin des Modes magazines, as well as the department store, Printemps. He took lessons in couture from Pisanelli. Then a chance meeting at the Marche Saint Pierre, a Paris flea market, near Montmartre, led to his renting a shop in Galerie



Predominantly pink mid-length Gatsby-style, rose-print chiffon chemise dress with asymmetrical ruffled skirt, £557, at Kenzo Shop, as before. Pink full-blown rose corsage pin, £19.95, by Johnny Loves Rosie at Fenwick, as before. Lilac peep-toed slingbacks, Russell & Bromley, as before. Pink flower glass cluster earrings, £36, beaded choker, £28, all Butler & Wilson, as before.

Vivienne. His debut show, featuring Japanese cottons and remnants found at the Saint Pierre market, was staged on April 4 1970.

The following day, he opened his own shop, Jungle Jap. Kenzo received international recognition on his fifth show, but sadly he had only bought sufficient fabric to make up the samples. He solved the immediate production problem with a loan from friends in Japan, and bought the most reasonable cottons and kimono cloths, which he transported to Paris.

Soon afterwards, he was featured on the cover of Elle, and the following year, the magazine devoted two spreads to his designs.

Kenzo has always been an inveterate gambler at both work and play. He hit the

jackpot, recouping all his production expenses, in one fell swoop at the gaming tables of the casino in Deauville, and again in Nice. He went to St Tropez on holiday with two friends on the proceeds, and later opened his own boutique there.

It was Joseph Etiedgui, talent-spotter par excellence, who "discovered" Kenzo and put him on the British map.

Today, for the first Japanese who dared venture into the boohouse of French fashion, the future is rosy. Kenzo has created a veritable empire. Four years ago, his company was acquired by the prestigious LVMH, France's largest luxury goods company.

His label is not just fashion, but a lifestyle that includes his main line, Kenzo, Paris label, the more

affordable Jungle and Jeans diffusion lines. Homme (menswear), childrens wear, babywear, accessories, home-wear and five fragrances.

The name is international, with almost 100 boutiques in more than 20 countries, including 10 in Paris, seven in France and 80 worldwide.

Kenzo's group turnover in 1994-95 was £76.5m from the perfumes. It employs a staff of 450 and has headquarters in the Place des Victoires in Paris, opposite the equestrian statue of Louis XIV. It is this location that has earned the designer the title of "The Little Prince of The Rising Sun".

In London, there are several Kenzo outlets - The Kenzo store in Sloane Street, owned by LVMH, with

another in the pipeline; his Kenzo, Paris, Jungle and Jeans labels are stocked at Harrods, while Jungle and Jeans are both stocked by Fenwick of Bond Street.

Sales are the true barometer of success and London buyers can endorse Kenzo's renaissance.

Geraldine James, Harrods' contemporary collections buyer, says: "For the first time in a long time, women are going to be individuals again. Luxury fabrics and patterns are enjoying a revival. I took up Kenzo four years ago, when Joseph stopped selling it - we had always wanted it, but he had a hold on it. We carried it exclusively initially and did very well with it."

"The label attracts a very, very loyal, dedicated customer - it appeals to our English clientele as well as having international appeal to a Japanese and Middle-Eastern customer."

"He's very true to his style, which is distinctive, and that's the refreshing thing about it."

Many of the designs are collectors' pieces - items that you would want to keep in your cupboard forever - like a kimono jacket, or a Jacquard knit. "I love the way he mixes so many fabrics and colours together. It is a very important collection to us at Harrods because it is so exclusive and unique," James adds.

Sarah-Jane Woolford, designer collections buyer at Fenwick of Bond Street, is another aficionado. For her, it is tried and tested as she wore it and loved it before she bought it.

"This is the fifth season that I have bought Kenzo Jungle and I adore it. It is affordable and sells to all ages and sizes. More and more Kenzo devotees wait for each new collection to arrive and relish the glorious prints and original colour combos. It always lifts the spirit and is an increasing label for us," Woolford says.

Bernard Connolly, who manages the Kenzo flagship shop in Sloane Street, says: "His look is happy and upbeat. The spirit of Kenzo is very much colour and print and attracts two kinds of customer - the young, directional and upbeat, as well as the traditional Kenzo client, who comes back for more of what she already knows and loves."

Kenzo is worn by members of the British royal family, The Furstenbergs, and Princesses Fiyal of Jordan and Chantal of Hanover. He has

also dressed singers, supermodels, actors and actresses, including France's two "Belles Isabelle" - Huppert and Adiani.

"Kenzo's changed his design direction over the last two years. It's more of a revival in the sense of a revived spirit and that old *modus operandi* that both young and old can wear side by side and their individuality comes through. There are elements of the conservative and the modern and we can adapt the collection to accommodate a lot of women," says Connolly.

"I think he's a visionary, a designers' designer. He has inspired so many of his peers. For example, take this season's look - Kenzo did it two years ago, and next season will see a quantum leap in the collection - that's true Kenzo."

Looking ahead, next season also looks like being a winner. Kenzo has adopted a strong Bohemian theme using tactile crushed patchwork velvets, pannes and devours in purples and aubergines with a vintage look and feel, as well as camels and flannels.

"In order to get the look and what he's about, you can just invest in two or three pieces and put them together with your existing wardrobe," says Connolly.

A little Kenzo goes a long way.

Photography by Oliver Pearce at the Kassoulet Bar of Kassoulet Restaurant, (tel: 0171-782 9191)

Designed by Paul Daly at 127 Ledbury Road, London, W11. Hair by Philip Fennah at Jo Hanford, 19 Mount Street, London, W1 (tel: 0171-495 7774)

Made-Up by Jane Bradley at The Work, using Cosmetics a la Carte

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MOTORING

Road Safety

Making the school run a safer trip

John Griffiths thinks Europe can learn from North America

They are big, uniformly a virulent yellow and their baleful, flashing red glare stops all other vehicles in their tracks.

"They" are American and Canadian school buses and, in terms of the safety of the millions of European children now taken to and from school by chartered bus, some of the thinking behind their appearance and their mode of operation merits a hard look by Brussels and European governments.

One common aspect of their operation, embodied in state and provincial legislation throughout North America, is that when the school bus stops to pick up or off-load children, and its high-mounted red lights are put to flashing, other traffic also comes to a halt. Until the red lights are switched off and the bus moves away, it may not be overtaken. The

judiciary takes a dim view of transgressors.

That rule alone - never mind the mandatory, and rightly enforced, 20 miles an hour speed limit through school zones - has saved from death or injury countless excitable, and momentarily careless, children whose fate on less well-ordered European roads would have been sealed.

North Americans, however, know with what they are dealing: the bus colour and signalling system leave no doubt. The contrast with the UK and other deregulated bus markets in Europe could hardly be greater: buses of any shape, size or colour scheme, frequently of an age best described as worrying, ferry children around with no other indicators than a small cardboard placard with a silhouette of a boy and girl.

After a lengthy research programme, which has

included the distribution and processing of questionnaires to 31,000 UK schools, the British van maker LDV is hopeful that may change. Allan Amey, chief executive of Birmingham-based LDV - formerly state-owned Freight Rover - has no high expectation of European adoption of similar school bus "rules of the road" as apply in the US or Canada. But the school bus itself, he insists, is another matter entirely.

Pride of place on LDV's stand at this month's Fleet Motor Show was taken by a "concept" school bus which, the company hopes, could point the way to a safer future.

There is, of course, clear commercial self-interest for LDV in putting on show its "Concept Convoy", a prototype 17-seater school minibus. LDV is a tiny, relatively impecunious independent company in comparison with Ford, which dominates the

panel van and minibus market with its Transit models. To survive it has to exploit market niches and Amey, who led the management buy-out team for LDV several years ago, and his colleagues, were quick to spot the market opportunity after several school minibus crashes raised a safety outcry.

LDV leapt into the market, well ahead of legislation, with the first school bus to provide lap and diagonal seat belts for all, together with free Royal Society for the Prevention of Accidents (RoSPA) training for up to three teacher/drivers of each LDV bus bought by schools.

Ford followed with an all-seat belts minibus, but LDV still benefits from the resultant initial goodwill - it has more than half of the school minibus market - and has gained an initiative it does not wish to lose.

LDV's research was under-



LDV's Convoy concept minibus: it comes in bright, safe colours

taken on several fronts. Much useful information came from the highly detailed schools questionnaire, which identified common threads of safety concerns among school and local authority operators. LDV engineers and marketing executives injected their own market and engineering data to come up with a final specification for an instantly recognisable school bus "of the future".

As LDV makes clear, however, the future could be

now - there is no reason other than cost why the bus should not be already coming off the assembly line.

Schools, at least, have quickly latched on to the benefits of having a highly visible, standardised colour for a school bus - and Concept Convoy is identical in hue to its North American counterpart. Schools feedback, too, says LDV, shows high enthusiasm for the roof-height stop flashing hazard indicator lights - also

just like US and Canadian

versions. Reflective safety decals on the sides, rear and front of the bus were also welcomed.

If a UK school bus driver cannot control the external environment, the Convoy Concept bus at least allows him or her to control the internal one. It is fitted with a central locking system giving the driver control over all door locks, together with an electronic seat belt monitoring system.

A centralised fire extinguisher system; external

racks and access ladders for heavy, and thus potentially dangerous, luggage; and internal aircraft-style overhead lockers for other luggage, all form part of the specification. Given the cost pressures on most schools, LDV was not surprised, however, that some other aspects of the "concept" bus - air-conditioning, driver's public address system and closed-circuit television - were not high on most schools' must-have specification list.

LDV, like Ford and some other leading van makes, already operates preferential financial schemes for schools, typically discounting 15 per cent from list prices accompanied by three years' free maintenance and roadside rescue, plus driver training. Leaving out air-conditioning, TV and driver's public address, insiders at the company say the bus could be coming off the line tomorrow at a premium of £2,000-£3,000 over the standard vehicle.

The present standard minibus's pricing also includes livery in the colours of the individual school. Both the RoSPA and LDV admit this is not ideal. "There is no question about it; the best and safest way forward, like North America, is where school buses have a bright, standardised colour scheme which is instantly recognisable by everyone."

Road Test / Stuart Marshall

US invasion gathers pace

Europe's motor manufacturers really would be threatened if the Americans ever became serious about making cars suited to European roads and pockets.

This was the message Fiat supremo Giovanni Agnelli put across year after year in the early 1970s. He reckoned its colossal home market gave the US the power to undercut European producers - and the Japanese - if only it produced the right kind of car.

Something like this is happening, although not quite in the way Agnelli foresaw. American-made cars are coming into Europe in significant - and growing - numbers. A few even have familiar American name badges: the Explorer sports/utility from Ford and Chrysler's Neon saloon, Voyager MPV (multi-purpose vehicle) and various Jeeps. But most are Japanese.

The Honda Civic coupé and Aerodeck estate, and the Toyota Camry for left-hand drive European markets, are US-built. All BMW Z3 roadsters are American-made, so is General Motors' new MPV, the Vauxhall Sintra.

I have been trying three American cars, all with right-hand steering: the Chrysler Neon and Voyager, and the Sintra. Both the Voyager and Sintra are big vehicles by European standards. The Neon is only slightly longer than a Ford Escort, shorter than a Vauxhall (Opel) Vectra. Chrysler calls it a "cab forward" design, by which it means the bonnet is short and the windscreen pushed as far forward as possible.

Without exactly being head-turning, the Nova also manages to look distinctly different from its European and eastern rivals. Mechanically, it breaks no new ground. By European standards, it is laid out conventionally, with a transverse engine, front-wheel drive and all-independent suspension.

Four wide doors make it easy to enter and leave, while power-assisted steering has the right amount of feel and only 2.8 turns from lock to lock. The interior is not luxurious, just comfortable, while twin airbags are standard.

The two-litre, 16-valve engine puts out 131 horsepower at 5,850 rpm and develops maximum torque (pulls hardest) at 4,850 rpm.

When I first drove a five-speed manual Neon more than two years ago, soon after its arrival in Europe, I found the engine strident when allowed to spin freely and the overall gearing quite low. But the Neon LX I drove this month had automatic transmission - a no-cost option - and taller gearing.

Performance-minded magazines instinctively pour scorn on cars with three-speed automatics, but the Neon's works surprisingly well. Demand maximum acceleration and it will hold the two lower gears up to 6,300 rpm. Drive sensibly,

and it changes up at half that engine speed.

Go-faster drivers may find it hard to swallow, but the two-pedal Neon is quicker off the mark, more relaxed on the motorway and has a higher top speed than the manual version - 0-60 mph (0-96 kph) in 8.8 seconds (9.5) and 121 mph (195 kph) compared with 117 mph (188 kph). Fuel consumption is higher, though, at an average 33.2 mpg (8.5 l/100km) against 37.2 mpg (7.6 l/100km) for the manual five-speeder.

By far the strongest argument for the Neon is its on-the-road price. At £13,795, air-conditioned and with ABS brakes, it is exceptional value. (Similarly equipped, a Hyundai Lantra two-litre would cost a little, a Ford Escort 1.6-litre a lot more.)

In LE trim without ABS brakes or air-conditioning - but still with the free choice of automatic transmission - the Neon is £12,395 on the road. Think of these prices

Americans classify their MPVs as mini-vans. They are anything but

and you can see what Agnelli had in mind all those years ago.

The Americans classify their MPVs as mini-vans. They are anything but; there is nothing remotely mini about either of them and, for all their bulk, they are car-like to drive.

The 3.3-litre V6 of the Chrysler Grand Voyager I tried developed a modest 156 hp at 4,700 rpm; the Vauxhall Sintra CDX's three-litre V6 put out a more muscular 210 hp at 6,000 rpm. Both had four-speed automatic transmission. Predictably, the Sintra felt livelier and was slightly less thirsty, with a predicted average 24.6 mpg (11.5 l/100km) against the Grand Voyager's 23 mpg (12.3 l/100km).

Although an up-to-eight seater, the Sintra is shorter than an Omega saloon and only a few inches longer than a Vectra. The Grand Voyager is slightly bigger all round.

Essentially, these massively roomy vehicles were more remarkable for their similarities than their differences. They had power-adjusted front seats, air-conditioning, ABS brakes and lots of cup-holders - I counted a dozen in the Sintra.

Permutations of the seating arrangements are endless. Both cars have sliding rear passenger doors, so the middle and back rows of seats are reached easily, and enormous tailgates.

Prices: Chrysler Grand Voyager 3.3, £24,850; Vauxhall Sintra CDX V6, £25,350. Smaller-engined, manual gearbox, five-seat versions cost from £18,350 (Voyager 2.0 SE) and £19,100 (Sintra CD 2.2).

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SPORT



Sporting Profile

Peace, joy and Marcello Lippi

Peter Aspden meets the charming and modest manager of the best football team in the world

When Marcello Lippi accepted the offer to manage Juventus three years ago, one of the first things he did was to visit his father's grave to explain himself. "He never liked Juventus. He considered the team a symbol of power. But I think he would have understood my decision," he says. Like Manchester United or Real Madrid, the Turinese club has few friends among football neutrals, who traditionally love to see the rich, powerful clubs fall flat on their faces. But in truth, at the time Lippi put pen to paper, there was little to agitate the club's detractors. An air of desperation hung heavy in the foggy Piedmontese air. "Juventus fans had

experienced many years of frustration, in the shadow of the great Milan side, and even the European Cup win of 1985 was always considered stained by the events at Heysel [when 39 supporters were crushed to death]. It wasn't regarded as a real victory," says Lippi. When he took over, the club's honorary president Umberto Agnelli asked him to bring nothing more than "serenità e allegria", peace and joy, back to the club, and the results would take care of themselves. But even he could not have envisaged the next three years: Italian league and cup double in the first season; Champions League (formerly the European Cup) success in the second. Now, in the climax to the third, Juventus are poised to complete an extraordinary quadruple: another league title, another Champions League (they face Borussia Dortmund in the final on Wednesday), the European Super Cup and the World Club Championship.

How does it feel, I ask Lippi, to be manager of the best team in the world? He recoils in slight embarrassment: "It is not the way we think of ourselves. Some of our results have gone very well in the last year, we have beaten Ajax three times for example, but it is not necessarily a verdict on the way we play." Modesty prevents him from listing some of those other results: a 6-1 thrashing of Milan at the San Siro; the no less startling 9-2 aggregate win over Paris St Germain to lift the European Super Cup. Peace and joy are in plentiful supply in Turin. Lippi's most impressive achievement has been the way in which he has remoulded his squad after last season's Champions League triumph. Conventional wisdom has it that you do not strip down a team which has been proved the best in Europe and rebuild overnight; yet Juventus instantly dispensed with their striking partnership of Gianluca Vialli and Fabrizio Ravanelli, both to English clubs, as well as other key members of the squad. Lippi says he wanted to hang on to both players, but the realities of the post-Bosman transfer market, and in particular the huge fee offered by Middlesbrough for Ravanelli, forced his hand. Lippi himself looked to foreigners to revitalise his team - the Croatian Alen Boksic and the mercurial Frenchman Zinedine Zidane. He has

fellow Frenchman Didier Deschamps, for instance, he says: "They are very different types of player, but as people they are as similar as two drops of water, possessing a rare intelligence and a rare humility, a willingness to put themselves at the disposal of others." But it is not all about the Right Stuff. There are technical considerations, too. Watching Juventus train, one cannot help noticing that virtually all the emphasis is on ball-work, first-time passing, rapid movement off the ball. When Juventus twice beat Manchester United earlier this season, at times they looked like they were playing the same possession-

'This club is celebrating its centenary this year - and three good years in 100 is nothing'

based game as the English club, but twice as fast. Lippi remains diplomatic over the differences between Italian and English football, lauding the "Europeanisation" of the traditional English style, and even pronouncing that England were "a little unlucky" in their World Cup loss to Italy in February. Such tactful conclusions come naturally to 49-year-old Lippi, who uses his good looks (no piece is written about him that fails to mention his resemblance to Paul Newman) and charm to good effect in the wrought atmosphere of Italian football. His astute treatment of his players is widely regarded to be his strongest asset. When he took over at Juventus, for example, he announced that he wanted to build a team that was "Baggioindependence", a term that was considered to be a snub to the club's delicately tempered star, Roberto Baggio. In fact, he had read the signals right: Baggio had felt that too much was expected of him after his brilliant World Cup in the US and greatly appreciated Lippi's new emphasis on collective responsibility.

Another telling example features in his book, published this month: when the emotional Ravanelli once angrily gestured at Lippi in the heat of a match, the manager took the sting out of the exchange by telling the press that his striker must have been aiming his insult at someone in the crowd behind the dug-out. Ravanelli was contrite after the match, and once more a player had cause to express his gratitude for Lippi's sureness of touch.

If Juventus do bring off the quadruple this year, surely Lippi has nowhere to go but down? Not surprisingly, he does not see it that way: "If you start to think that your task is completed, you should change your profession." He says he might be tempted by Spanish or English football when his contract expires in 1999 ("I would like to learn English and I am very attracted by the culture"), and the national side will surely beckon if his current rate of success continues.

But right now he is focused on Wednesday night and the further glories of the club known as the "old lady of Turin". There is even more of a spring in her stately step this week, with the report that the club's owners, the Agnelli family, were thinking of creating a new show-business sports group centred on the Juventus name. Lippi, too, is looking to the future to combat understandable complacency: "It is too early to speak of a new cycle of success. This club is celebrating its centenary this year - and three good years in 100 is nothing."

■ *Il Mio Calcio, La Mia Juve* by Marcello Lippi and Massimo Lodi, published by Sperling & Kupfer.

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Go south across the Thames by Southwark Bridge and to your right you see the new Globe Theatre, a bright white, half-timbered oval which has the only thatched roof in central London.

Beyond it is the mighty mass of Bankside power station, which will soon house the Tate Gallery of Modern Art, with its great brick zig-zag of a chimney reaching up into the heavens.

And beyond that is a curved building that has recently been painted a striking orange: the Millennium Tower of the Bankside Lofts scheme of the Manhattan Loft Corporation.

These buildings make an exciting combination and symbolise the regeneration of Southwark that is well under way. They are a short walk from each other on the stretch of the south bank of the Thames between Southwark and Blackfriars bridges, and all three projects will one day make the area buzz. I await especially the Bankside Tate when it has become London's return to Paris's Musée d'Orsay and has been filled with 20th-century pictures and sculpture.

It will be a treat then to walk from St Paul's Cathedral and cross on the footbridge that is to be built, see an exhibition and continue to see Shakespeare at the new Globe, other authors' plays at the National Theatre, or music at the Festival Hall. The choice is rich.

Or one could walk to the Eurostar terminal at Waterloo station, another symbol of renaissance on the south bank, and hop over to Paris.

The proposed footbridge from Southwark to the City reinforces the message that the south bank is indisputably central London. But because there is a river in the way and public transport has not served it well, it has often seemed a world away.

That is about to change. In five years, the south bank will have become one of the most popular parts of London to visit, and a sought-after area in which to live.

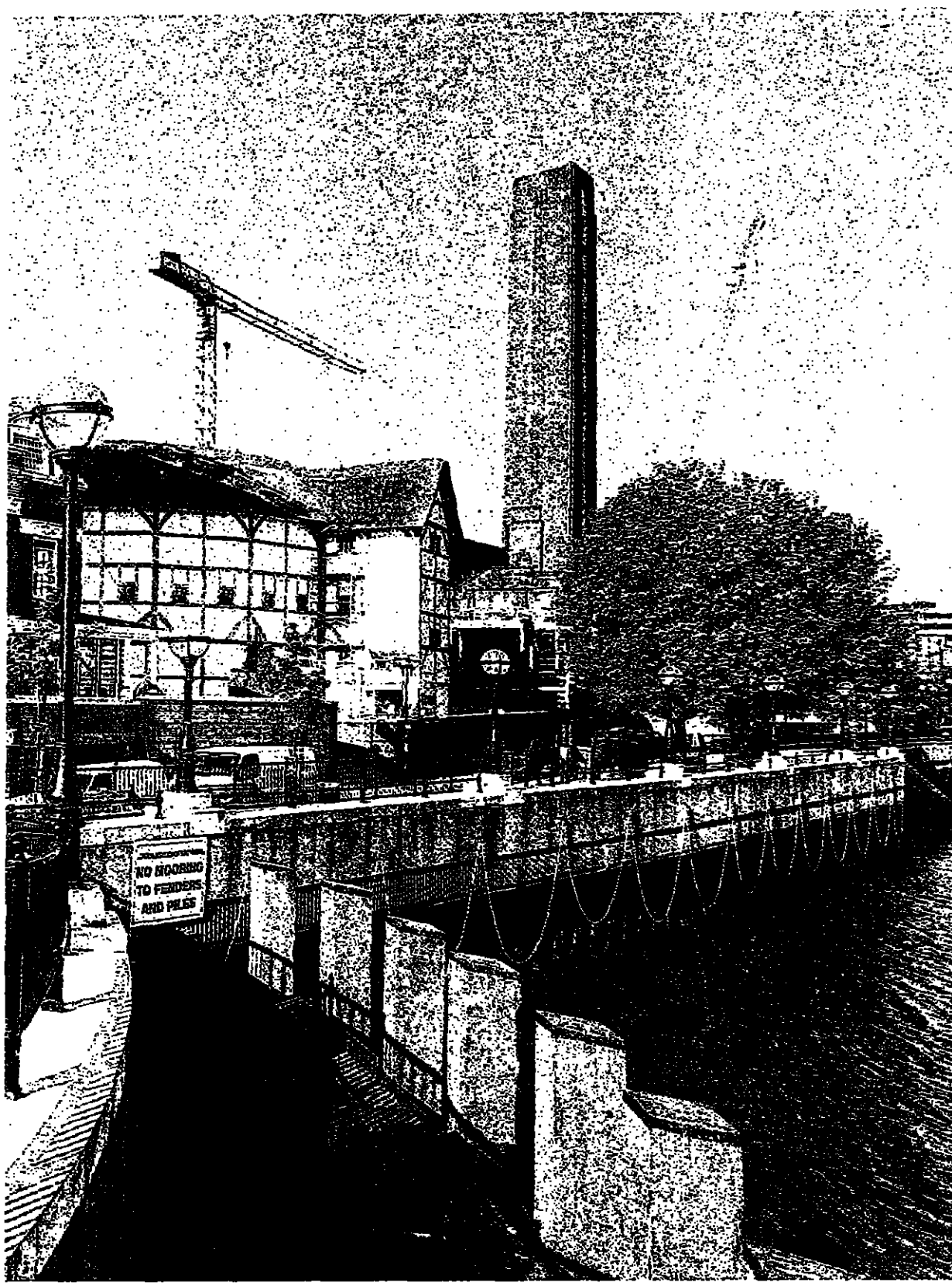
The extension of the Jubilee Line, due to open next year, albeit some months late, will be the biggest force of all in the metamorphosis of the south bank. When the new Southwark station opens at the corner of The Cut and Blackfriars Road, access to the West End and Canary Wharf will, overnight, become far easier.

New Tube lines always affect the property market by highlighting under-rated and attractive areas that have been held back through inconvenience. The Jubilee effect will be similar. Much of the housing in Southwark is on huge council estates, which are steadily being privatised.

There is not much space for new building, although this has not stopped some developers. Behind Anchor Terrace, near Southwark Bridge, the former Anchor Brewery site is a hive of activity. Hollybrook is building an apartment block with 39 units there.

It will be ready in October and probably be launched in two or three months.

The agent is not yet known. Hollybrook will then refurbish the 1834 Anchor



Symbols of regeneration: the new Globe theatre, with the Bankside power station chimney beyond

Anthony Holmwood

The south bank will soon be buzzing

In the second part of a focus on Docklands and the City, Gerald Cadogan considers the future of an area of central London on the wrong side of the river. But the extension of the Jubilee Line, plus big tourist attractions, will dramatically change its character

Terrace on the west of the site, making 29 units.

Developers may find conversion the most viable way to proceed in Southwark, as it is proving to be in Clerkenwell, a similar area with similar buildings. Canny buyers have already flocked to the Bankside Lofts scheme on Hopton Street, which is a combination of new-build with a conversion of redundant commercial space. A few apartments are still available at Bankside at prices from £130,000 to £475,000, through De Groot Collis or MLC Sales (Bankside Lofts).

Another conversion that has made a fast start is Metro Central at the Elephant & Castle, where St George is making 413 studio, and one, two and three bedroom apartments out of Erno Goldfinger's gigantic government office block.

Prices range from £45,000 to £220,000, through Knight Frank. Over 100 have been sold already to east Asian buyers, most of whom will be letting them out.

Metro Central will have a fitness centre, swimming pool and private parking, and is well placed for the City and the West End, as

Elephant & Castle is on both the Bakerloo and Northern lines.

Among former council and similar properties in Southwark, Kardini offers a two-bedroom flat in Avondale Square, SE1, for £39,950.

Older properties are harder to find, especially close to the river, but the William IV flats in Anchor Terrace will be ready next year.

For sale now is a large early 19th century house, listed grade II like Anchor Terrace, in Trafalgar Avenue, SE15, which is on the border of SE1, and next

to Burgess Park. Kardini asks for £170,000. By the river the choicest old houses are in Queen's Walk by the Globe Theatre, a few late 17th and early 18th century survivors which look across to St Paul's and rarely appear on the market (although Savills sold one last year).

If another one is ever offered for sale, move fast. They are smart houses and an easy walk into the City.

De Groot Collis, 0171-335 8090; Kardini, 0171-635 5133; Knight Frank, 0171-824 8171; MLC Sales Bankside Lofts, 0171-401 5922.

Old theatreland left to rest in peace

But this might not be the best solution, argues Gerald Cadogan

The heart of London's theatreland of 400 years ago is today being buried. Where William Shakespeare's Globe once stood contractors are at work and the remains will soon be covered. Across Southwark Bridge Road to the west was Christopher Marlowe's Rose Theatre, now lying almost forgotten under the Rose Court office block.

Both theatres were found in 1989. In each case, English Heritage, as the archaeology regulator for London, decided to let the remains lie while development went ahead. They were to be conserved, but not moved.

That is happening now at the Globe. At the Rose it is unclear how successful the measures have been at stabilising what was found.

For an indefinite time - which could become for ever - EH has passed up the opportunity to investigate fully how either, or both, of the theatres worked. Yet it is hard to think of anything that is more part of the heritage of England, and the glory of the country, than its Renaissance drama.

Only archaeological excavation to the fullest extent possible, which EH has ruled out, could reveal vital data for the history of English literature and world civilisation. The written sources of the time, including the implicit hints in the plays, are not enough.

This apparent lack of vision is in sad contrast to the impressive recent gains in uncovering the history of other parts of Southwark and the City by digging.

But there are two caveats. These other digs are rescue operations, before the evidence is annihilated in rebuilding. And there are practical problems at the Globe site.

To the accompaniment of a vigorous protest campaign by the stars of the stage, the Rose was partially dug, then covered and the office block built over it, pending further exploration and presentation to the public. This has yet to happen.

In retrospect, it seems that

the Rose took the developers and EH by surprise and their decisions were all reactive. The Rose protests taught EH and Hanson Properties (then the site owner) to be proactive with the Globe site, part of which came to light at the north-west corner of the old Anchor Brewery site and under the adjacent Anchor Terrace, an 1834 building listed grade II.

A new owner, Hollybrook, is developing the site. There will be a block of flats at the east of the site, and Anchor Terrace at the west will be restored. In the middle will be a courtyard over the theatre remains which, on EH instructions, are being covered with silica sand and geotextile (the recommended procedure for fragile archaeological sites) and a special

membrane.

The courtyard will hide part of the theatre where the bard performed in his own plays. The rest of the Globe remains are under Anchor Terrace and probably extend under Southwark Bridge Road.

EH's attitude is that the Globe should be left for a future generation to dig, when standards may be higher, and that Anchor Terrace should be saved as a listed building. It seems to me that EH has got its values wrong: Anchor Terrace is just another Regency terrace, whose importance is nothing compared to Shakespeare.

If this were France, Anchor Terrace would have been raised on jacks, the dig done, all information recovered and decisions then made. Such an operation

Anchor Terrace is just another Regency terrace - it is nothing compared to Shakespeare

membrane.

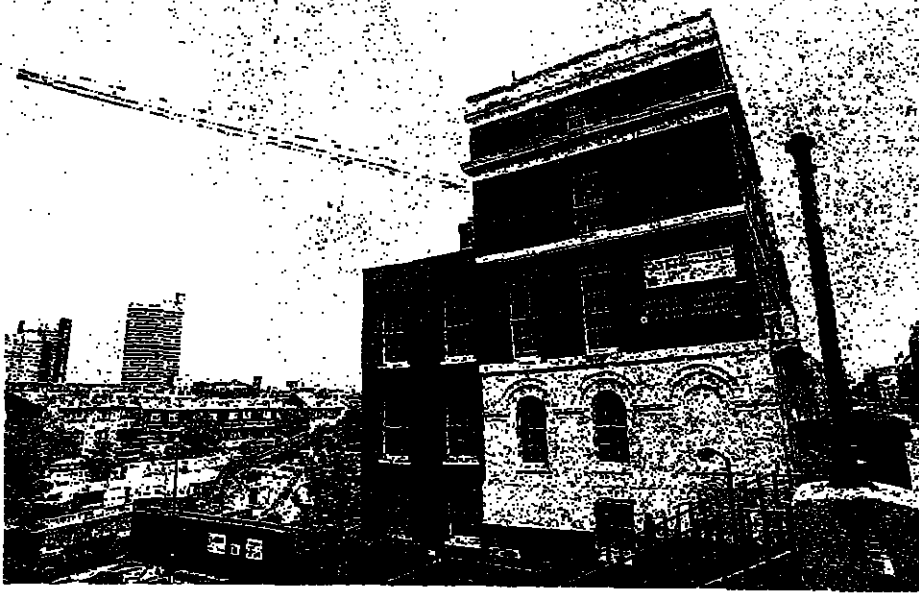
Elsewhere in Southwark and the City, the digging picture is rosier, thanks to recent developer-funded discoveries by the Museum of London Archaeology Service.

■ The Jubilee Line excavations in Borough High Street in Southwark have found two new Roman roads.

Masses of amphorae (for wine, olive oil and fish paste) suggest that the quays on the south bank were as important for the Romans as those in the City proper.

■ In the City, more of the Roman amphitheatre has appeared in Guildhall Yard, which the Corporation of London will prepare for display. At Regis House, King William Street (Land Securities), dendrochronology (tree-ring counting) dates the earliest London waterfront to AD52, only nine years after Claudius conquered Britain. In AD63, following warrior-queen Boudicca's sack of London, a huge new quay was built.

■ And at Bull Wharf (Markborough Properties) on Upper Thames Street (just west of Southwark Bridge), the study of two female skeletons found buried on the foreshore is almost complete. One of them had been carefully laid out between layers of bark, with a covering of reeds, and moss laid over the knees, face and groin. Around her were stakes, perhaps to stop the body from floating away on the tide. Who the women were is a mystery.



Sitting on top of the Globe: Anchor Terrace, with the site for flats behind it

Brendan Carr

Gardening

Footsore among the Foetsies

New arrivals have raised standards at the Chelsea Flower Show, finds Robin Lane Fox



Reginald Kays's Himalayan Blue Poppy at Chelsea

Fergus Wilson

This week's Chelsea Flower Show has left several hundred thousand visitors with aching feet and happy memories. It utterly refuted outsiders' expectation that the show is past its best and can only repeat itself one year after another.

The difficult weather since March had not dented the exhibitors. Heaven knows how they do it, these devoted men and women who go to such detail and tidy standards for the show which means even more to them than money. I have seen 35 Chelseas but still find new variations and arrivals which enhance the loved, conventional framework.

Far to one side of the tent, I ran to ground the floral logo which many long-time FT readers may have been wondering how to envisage. There they had it, on the stand of the British Fuchsia Society, the plant which has symbolised the feeling every Saturday when you bounce in relief from the share prices to the gardening column. A newcomer at Chelsea, Fuchsia Fokse Foetsie is the symbol of all we have

loved and hated for so many years. A variety of little flowers are smaller than expectations, and are a deceptive shade of pale pink, fading to a deeper red which probably intensifies after Budget day.

The past decade has seen a change of emphasis in many exhibitors' use of space. They use their rectangular displays to show groups of plants for differing conditions, co-ordinated groupings of colours which develop as you walk round the staging and a sensitivity to differing heights and shades which is now art work in its own right.

Carol Klein of Glebe Cottage Nurseries and the bigger stands of Bressingham Nurseries have set new standards. This year, however, they were excelled by one of the newer arrivals, Hardy's Cottage Garden of Whitchurch, in Hampshire, which has put together a soft, exquisite sequence of colours, including every upright white flowers on a Diplarrhaena which is not even listed in its catalogue.

Among the growers of alpine, the Alpine Garden Society showed another

superb small slope, capped by tremendous plants of the Saxifraga Southside Seedling and its white and red-spotted flowers. They were rivalled by D'Arcy and Everest of Huntingdon, Cambridge, who were exhibiting at their second Chelsea and had mastered the art of showing rare plants in narrow gaps between paving stones. They had some magnificent Mimulus, excellent dianthus and dozens of other good garden plants to which I will return one day.

I cannot, however, leave the plants without bestowing my personal medal on Reginald Kays from the north of England. He had a splendid display of Himalayan Blue Poppies, or Meconopsis, which included the white forms and the wild, lavender variety from the borders of China and Tibet, which was said by one of its last visitors in the wild to cause the "senses to ache at the myriad loveliness of its bells against the Da Tung chain".

Like the late L.B. Johnson, I prefer to be inside the tent at Chelsea, looking out, than outside the tent, looking in. Outdoors, this

year's gardens were a better collection than recently. The most ambitious spanned the full range of extravagant, romantic taste. I liked the evocative sham house which Fiona La wrenson had designed for BSkyB and surrounded with flowers of the month, only some of which were as distinctively Provencal as her brief.

The Evening Standard had remained determinedly traditional and had Lady Tollemache to co-ordinate a garden with a formal centrepiece, elegantly surrounded with flowers in colours which civilised gardeners would enjoy.

A group of rounded low-growing Alliums were a particularly neat touch on one less formal corner of the stand. Lady Tollemache had opted for nothing but virgin Arum lilies in pure white for her centre bed, but she then let her hair down round the corner with some rough turf and wilder style in which a visiting mole had promptly thrown up his own earthworks.

Country Life and Hiccox Insurance sponsored an

expensive series of buildings in old bricks, safe taste and landed style which were said to be on offer to any willing re-creators at a price of not less than £400,000. So much had gone into the building that it dominated the plantsmanship of Rupert Golby which looked its best down the main axis, but found it hard to compete with the buildings.

Through the wrought iron gates, the garden drifted into a rough meadow with buttercups, weeds and imitation sheep of a style which I hate to see at Chelsea but which seemed somehow appropriate behind such overpowering constructions.

The centrepiece of the outdoor show was The Daily Telegraph shot at a Latin Garden. The pundits all liked this one and the designer, Christopher Bradley-Hole, had admirably tried to break with the usual conventions without dumping all tradition overboard.

The garden was divided into three sections and surfaced with limestone chips. The planting was widely spaced in the front two sections and would have looked a mess in another week of

growth and fading. A modern screen divided the centre but left a window at waist height so that you could see the midrifts of attending personnel. Once again, the far half drifted away into rough turf and the meadow style which has yet to be shown successfully at Chelsea. The preceding colours were dark and sombre purple and I found it over-emphatic, though the individual plants were pretty enough.

Where the designer scored was in his splendid use of inscriptions and running water. The inscriptions were all chosen from Virgil's pastoral poems; the Eclogues. I have had such an epigraphic garden in mind for many years and here, it had been most beautifully carved by Belinda Eade of London W9 (tel: 0171-266 0323).

We were greeted with the words of Virgil's Shepherd, revisiting his little country thatched cottage after many years' absence. The surrounding garden had no such country feel, but the quotation did send me on my way home, feeling pleasantly homesick for my own country garden.

PROPERTY

Clean lines from the modernists

Gerald Cadogan looks at the bold architecture introduced to London in the 1930s - a style that requires courage to commission

Buying authentic modernist buildings anywhere in London is difficult. Whether new or resales, they are scarce compared with the thousands of streets of Victorian terraced housing (often in a late Georgian style) and the would-be country cottages of suburbia.

Today, developers still hasten to create safe pastiches of the 19th century terraces, guaranteed not to offend. Or they erect apartment blocks of a sub-modernist whimsy where a nebulous sense of "luxury" replaces the starkness of good design.

It was brave to commission an out-and-out modernist house even in the 1930s, when émigré architects such as Serge Chermayeff and Berthold Lubetkin introduced modernism (or the international style) to the UK from continental Europe. Their new way of making buildings was a trumpet blast for freedom from old pretences.

The customers of the new school were concentrated in the high parts of London, in Hampstead and Highgate, where the climate seemed healthier than down by the river. Often seeing themselves as liberated from stifling inhibitions, they had the money to commission the new type of buildings.

Like the immigrant architects, they wanted houses with clean lines as the essence of clean living, even if the architects' own complicated lives failed to reflect



West Hill Park designed by architect Ted Levy, this house is for sale at £295,000



This Ted Levy-designed house in Redington Road, NW3, is on the market at £1,495,000

the honesty of the lines in their drawings. Any colour was acceptable for the new houses as long as it was white.

What are the hallmarks of modernism? The new designers aimed, as exciting architects do in any generation, to use the latest technology to the full. That meant reinforced concrete beams, and emphasising the oblong rather than the vertical, in a

trabeate (beamed) style, like an uncluttered version of the Moguls' Fatehpur Sikri in India (where the local stone splits well into long load-bearing beams).

Concrete also permitted the curved corners which are a frequent part of modernism, though it was not essential that every modernist building had them.

Large windows were another new technology the

architects deployed, setting them in unrottable metal frames (which often stuck and have been found to need more looking after than their advocates claimed at the time). The aim was to flood the household in the uncompromising honesty of light and let people look in from outside and see what was happening.

The enemies were the inhibiting, exclusive lace curtains so dear to the British, and the dark bourgeois drawing rooms of central Europe where many of the architects had grown up.

The interruption of the second world war let the style continue in its 1930s mode for many years although, over time, the concepts of window and wall often merged into each other.

Recent modernist houses are likely to have large areas of metal-framed glass, and less white-painted brick than their 1930s predecessors. But they still clearly belong to the style that reached Britain two generations ago. Diversions such as the concrete brutalism of such buildings as the National Theatre have proved temporary deflections.

Clients in Britain with the courage to build modernist houses are still rare, and it is always hard to find them on the market.

Flats are occasionally for sale at High Point in Highgate, NW6, the pioneering tower scheme by Lubetkin when he was in his thirties. (Born in Tbilisi in 1901, he studied in Russia and Paris,



Pioneering tower scheme: High Point in Highgate, where flats are occasionally for sale

and arrived in Britain in 1931).

Anscombe & Ringland and Knight Frank offer a first and second floor duplex flat, one of the largest at High Point, for £395,000; Keith Cardale Groves a first floor flat needing work for £225,000; and Hamptons (in Hampstead) a penthouse (currently let) for £600,000 - showing the range of prices at High Point.

Away from North London, in Kensington a duplex flat is available in 10 Palace Gate, W8 (Hamptons, £450,000) by another émigré architect, Wells Coates, a Canadian born in Tokyo in 1895 who became a founder member of the Mars (Modern Architectural Research) group in 1933 along with Lubetkin and Ove Arup.

This building was the first in Britain to use the three-to-two system. This creates two interlocking flats on every three floors - each flat has a double-height living room, with the other rooms single height. It allows a generous sense of space and light.

An interesting conversion of commercial space is 14 New North Street, WC1, a light and cool scheme by architects ORMS and developer Roger Black. The flats cost £225,000 or £235,000, through Hurford Salvi Carr.

No flats are left in the superb white Gilbey Building in Jamestown Road, Camden, NW1, designed in 1935-37 by Chermayeff (born in Russia in 1901), which Regalian converted last year. Back in the heights of Hampstead and Highgate,

Goldschmidt & Howland offers three houses by local architect Ted Levy, ranging from £299,000 (in South End Green, NW3) through £565,000 (West Hill Park, N6) to £1,495,000 (Redington Road, NW3).

Alternatively, a house designed by Patrick Gwynne in 1938 in Spanlard's End, NW3, which has just been listed grade II, and has an acre of garden and a tennis court and outdoor pool, is available to rent at £3,000 a week.

Gwynne will be leaving his own modernist house to the National Trust - The Homewood at Escher in Surrey, which he designed with its furniture in the 1930s, and has lived in ever since. For a fascinating introduction to the modernist move-

ment in north London, visit 2 Willow Road, NW3. Erno Goldfinger's house (which he designed in 1938) on the edge of Hampstead Heath. It now belongs to the NT, which has made an excellent introductory film about the modernist movement and its practitioners.

■ Anscombe & Ringland, 0171-546 2600; Goldschmidt & Howland, 0171-425 4404; Hamptons (Hampstead), 0171-734 8222 and (Kensington), 0171-937 9371; Hurford Salvi Carr, 0171-250 1012; Keith Cardale Groves, 0171-431 8686; Knight Frank, 0171-431 8686; Relocation Plus, 0171-431 7711.

■ 2 Willow Road (National Trust) is open Thursday to Saturday until November 1, noon-5pm, with guided tours every 45 minutes.

Fishing

A passport to rage and despair

Tom Fort looks at what makes a great magazine - and what makes a successful one

I should have thought that creating a magazine devoted to a favourite pastime is one of life's more certain passports to exhaustion, frustration, rage, despair and financial suffering.

Yet still they come, these masochists, and we who share their enthusiasms should be grateful.

Some years ago I was marginally involved with a magazine called *Landscape*, founded by the esteemed architectural writer, Marcus Binney. It was an extremely high-minded publication, designed to appeal to the army of high-minded, sensitive, culturally aware souls presumed to exist somewhere in society. As such, it sank together with its ideals, its faith in human nature and a good deal of cash.

It is, perhaps, tragic to observe that the great jagged rock on which so many new publications founder is securing a readership. What I mean is the magazine has to be, not a choice,

but a habit - one which only death, bankruptcy or a religious conversion will break. And it must do that before the money runs out.

It is a delusion that a viable readership will be established by offering "quality" - meaning expensively reproduced photographs accompanying good journalism. I fear that, on the whole, people like good writing when they happen to stumble across it, but that they do not need it, nor are they prepared to pay to secure it.

These principles are embodied in the *Emap* magazine *Trout* and *Salmon*, which has dominated the game fishing scene for 40 years. Good writing is to be

found within its covers, but by accident, for the fees are, by London freelance standards, nugatory.

It succeeds, not by being clever or provocative, but because it is an unchanging feature of the game fisherman's mental landscape. It is unshakably familiar, like the seasons: the same articles by the same people on the same subjects appearing at the same time, year after year. People are comforted and reassured by that. I am myself, even as I am wearied by the predictability of it.

A century ago there was no *Trout* and *Salmon*, nor any of the other periodicals which spill

from the shelves today. There was only the *Fishing Gazette*, owned and published by the guiding light of British angling, R.B. Marston.

I have always wondered what it was like, for the old books are peppered with references to it. Now, thanks to the prodigious industry of the fishing writer Geoffrey Bucknall, it is possible to taste the flavour of those dust-encrusted back numbers. He has issued an anthology called *The Bright Stream of Memory* (Swan Hill, £19.95).

It is disappointing that Bucknall has chosen virtually to ignore coarse and sea fishing, focusing instead on his own particular subject, which is the

emergence and development of fly patterns.

But there is a bigger drawback, which generally afflicts exhumations of ancient journalism. It is that the huge majority belonged to its time and no other. It carries with it the midwifery smell of the old trunk in which it was abandoned. It probably wasn't that great even in 1897.

The *Fishing Gazette* prospered for a half a century and tottered to extinction in the next. By then *Trout* and *Salmon* had established its grip; and the finest of all fishing magazines, *Creel*, was lighting up the angler's sky. *Creel* lasted less than 10 years. It believed in the

best - of writing, of illustrations, of reproduction. As such, it could have no long-term future.

But while it is dead, it is not forgotten. And its creator, Bernard Venables, is neither dead nor forgotten, as I found when I attended a lunch party in honour of his 90th birthday a few weeks ago.

The function was organised by another of Venables' gifts to the sport he has adorned these fourscore years: *Angling Times*, which he helped launch in the 1950s.

Still almost miraculously spritely, Venables continues to exert a potent influence. Among his friends and disciples is the

non-pareil among angling writers of today, Chris Yates. And it is Yates (returning to my theme of men who would go where sensible men would not) who has taken up the Venables mantle.

He and a beneficent publisher, John Ward-Allen, are producing a new angling magazine, *Waterlog*. While it nods at the legacy of *Creel*, it is no pallid imitator.

It reflects Yates' own eccentric nature and eclectic range of interests. It is full of good things from writers familiar and unknown, and is beautifully illustrated and produced. *Waterlog*'s great merit is to take our sport seriously, but not itself.

I hope it will survive and thrive, and I say that not just because I am a contributor.

To those for whom fishing is as much an exercise for the mind as the body, *Waterlog* can be ordered from The Grange, Ellesmere, Shropshire SY12 9DE, tel: 01691-623225.

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PROPERTY

Canary Wharf tries to hook home-buyers

Anne Spackman wonders whether a new style of living will take root in Docklands

Despite its position, miles from the heart of London, and its reputation - a symbol of the property crash - Canary Wharf is proving to be a serious rival to the City of London because of the quality of its office accommodation.

Cheap rents have helped. But it is the high specification, purpose-built, contemporary space which has really hooked its latest business customers. Can it repeat that sell in the residential market?

File driving is about to start on phase two of Canary Wharf. It is a £170m redevelopment of the prime site around Westferry Circus between the tower and the river, looking directly upstream to the City.

Of the 750,000 sq ft, two-thirds is destined for homes. The rest comprises a five-star hotel, leisure club, shops and several restaurants. If that goes well, there is another 1m sq ft to come.

This development is on an entirely different scale from the dozens of other new schemes which have sprouted up along both banks of the Thames. It is not just another block of apartments. Instead, it is a long-term project to create a complete international living complex of a type London has never had before.

The development is a joint venture between two huge Singaporean property companies, with Canary Wharf keeping a 20 per cent stake. Dominating the project is the figure of B.S. Ong, the Singaporean property giant, with a business empire extending from the Four Seasons hotels, through top

fashion franchises and apartment blocks to restaurants such as Nobu in London's Metropolitan Hotel and the Hard Rock Cafe in Singapore.

His company, Hotel Properties Ltd, and its partner, Pidenco, are in this for the long-term. They want to develop a five-star complex which will appeal to the breed of global business people who expect a certain standard of living wherever they are in the world.

In London, that has traditionally meant a townhouse in one of the prime west London areas of Kensington, Knightsbridge or Belgravia. Extras such as health clubs,

If this were going up in Kensington it would be a surefire success

swimming pools or tennis courts were not part of the traditional package.

That is already changing. Developers such as Northacre at the Bromptons and Marylebone Warwick Balfour at Mount Vernon in Hampstead are building quality developments of apartments with facilities on site. There is an acceptance that the British adage, "old is good, new is bad" no longer applies if the new is of a sufficiently high quality.

At Canary Wharf the aim is to offer all this and a bit more. With a hotel on site, residents will have access to five-star service and food. The health club will be large

enough to operate as a stand-alone venture, with outside members allowed in.

There is an assumption that many of the residents will be families with children. This is a complete break with the norm both for this style of development and for east London in general. As a result there will be secure gardens for children to play in and apartments with the levels of storage space families need.

If this kind of development were going up in Kensington there would be no question about its success, provided the quality was good enough. But what about at Canary Wharf, several miles downstream and with no reputation as a residential neighbourhood?

The Wharf is now a familiar place to thousands of workers. The tower itself is more than 80 per cent let and new office building is restarting with the vast Citibank complex.

But workers still regard a transfer to Canary Wharf as a blow. It is a place which has yet to inspire affection. Journey times are too long and the culture of a private development with security guards and no normal streetscape is alien to the British.

Workers are starting to buy and rent properties in the area to be close to work. But so far they are young professionals or older *piet d' terra* buyers rather than those who could choose a Kensington townhouse instead. Will those people move to Docklands?

The Jubilee Line will have an enormous impact on Canary Wharf's travel problems. Despite anticipated delays, it should still precede



A different scale: the next stage of Canary Wharf is aimed at families

Colin Brown

the homes, which are expected to be ready for occupation in two years.

The fact that it will not be a traditional London scheme also matters less and less. Half of all the people living in central London are from overseas. Many will prefer a contemporary home to an old one with sloping floors and dodgy security.

Another factor which will work in Canary Wharf's favour is the other main development project going ahead to the north of the tower. Here, a joint venture between Marylebone Warwick Balfour, Manhattan Loft Corporation and London & Easter is set to bring much needed life and activity to what is still a sterile location.

Part of the project is a huge tower, which may be split into three layers of hotel, serviced apartments and homes on the top. This is similar to Donald Trump's latest venture at Number One Central Park West in New York.

But more important for Canary Wharf in general may be the contribution of Harry Handelsman, London's Mr Loft. He is converting a Grade I listed warehouse into flats and shops and planning a multi-screen cinema and supermarket. If he can pull in some of his trademark design-conscious customers it would give the area the cachet it lacks.

With 4,000 homes in the Docklands pipeline there may be a question over the

demand for several hundred more. If there is a gap in the quality end of the scale.

Several developments - most notably Northacre's apartment blocks at Observatory Gardens and Chelsfield's development at Chessham Place - have shown that there are always customers if the quality is right.

No doubt there will be plenty of Singaporeans keen to buy a slice of any big scheme with B.S. Ong's name on it. But the real test for Canary Wharf will not be whether or not it can sell off-plan in south east Asia to speculators. It will be persuading people who have a choice of the best places in town that Canary Wharf is where they want to live.

On the Move

Houses for 1,000 years

Anne Spackman on the slow rate of demolition in the UK

The oldest free-standing structures in the world are temples in Giza and Malta which were built 5,250 years ago. The Great Pyramid, built of 2.5 ton limestone blocks, was finished 4,600 years ago. At the current rate of demolition, researchers say each home being built in England will need to last as long as these.

The UK demolishes very few houses. In 1995, according to Savills Research, the figure was 4,500, which is one in every 5,000 homes. At this rate four out of five existing houses will, in theory, still be around in 1,000 years.

Looking at the quality of homes built over the last 30 years the chances of this happening do not look good. Five per cent of homes categorised as unfit for human habitation or in serious disrepair were built after 1960.

In *The State of UK Housing*, Philip Leather and Tanya Morrison dig out such fascinating facts about the UK housing stock. More than a quarter of the UK's 23m homes were built before 1919. This is the highest proportion in Europe.

Other countries with similarly high numbers of old houses are knocking them down at least twice as fast.

This may be evidence of the oft-quoted theory that the British love and cherish old properties. Or it may mean they are more willing to put up with squalid living conditions. Or it might mean they are not impressed by modern buildings.

The State of UK Housing is published by The Policy Press in Bristol (0117-973

8797) in association with the Joseph Rowntree Foundation.

Rooms with a view of the lough

In a spectacular setting in one of the most beautiful parts of Ireland sits Cloonaghlin Farm. Set under a 1,000ft south-facing ridge it overlooks Cloonaghlin Lough and the mountains beyond on the Iveragh peninsula in County Kerry.

The stone house was built six years ago on the site of a former row of cottages, with its main reception rooms looking out over the water. It has 178 acres of land, including gardens and paddocks running down to the lake shore.

There is a separate restored cottage set among the rock gardens which lead to the vegetable garden and fields beyond. A further 900 acres of land, including mountains and a hidden lake is jointly owned.

Cloonaghlin Farm is for sale through Michael Daniels in Mallow, County Cork (353 25 39145) with a guide price of £500,000.

In the shadow of a Norman church

On a less spectacular, but still very picturesque level is No.3 Church Path in the Essex village of Wendens Ambo. The 18th century house sits in the shadow of the village's Norman church. With two reception rooms, two bedrooms and a well-stocked garden the price is £195,000 from Mullocks Wells (01279-755400).

DOCKLANDS PROPERTY

CLUTTONS SALES

MAURETANIA BUILDING, ATLANTIC WHARF, E1

A two bedroom newly built second floor apartment with superb direct south facing river views close to the City and Canary Wharf. Two bedrooms, bathroom, reception with balcony overlooking the river, secured underground parking and portage.

Leasehold £199,950

EXECUTION DOCK, WAPPING, E1

A 3000 sq ft riverside penthouse with vaulted ceilings, maplewood flooring and south facing river views. The accommodation comprises 40 ft (max) reception, master bedroom (30 x 20), second bedrooms, two bathrooms, balcony, direct lift access, secure underground car parking.

Leasehold £725,000

LETTINGS

GALLEONS VIEW, STEWART STREET, E14

Two bedroom apartment in this new Barrat development on the Isle of Dogs. Accommodation comprises of two bedrooms, two bathrooms (one en suite), reception with view of river, kitchen, parking and portage.

Furnished £250 per week

OLD SUN WHARF, NARROW STREET, E14

Brand new apartment in this luxury riverside development in Limehouse. Accommodation is arranged over two floors and comprises of two double bedrooms, two bathrooms (one en suite), reception/dining room, kitchen, balcony with direct views, parking and portage.

Unfurnished £410 per week

Tel: 0171 407 3669 Fax: 0171 407 4479

CHESTERTONS



TOWER BRIDGE WHARF, ST KATHERINES WAY, E1

A duplex apartment with accommodation arranged over two floors with views from all principle rooms across the River Thames towards St Pauls Wharf and Tower Bridge. Accommodation comprises reception room, fitted kitchen, two double bedrooms, en suite bathroom and shower room.

Price £355,000 - Leasehold

THE CARDAMON BUILDING, SHAD THAMES, SE1

A two bedroom, two bathroom apartment on the second floor of this warehouse conversion. Accommodation comprises entrance hall, fitted kitchen, utility room, reception/dining room with balcony and bridge balcony over Shad Thames.

Price £300,000 - Leasehold

Tel 0171 357 7999 - Tower Bridge Office

ALEX NEIL

LIMESIDE GARDENS, E14
A first floor apartment in a riverside development in Limehouse. Accommodation is arranged over two floors and comprises of two double bedrooms, two bathrooms (one en suite), reception/dining room, kitchen, balcony with direct views, parking and portage.

STEWART STREET, E14
A two bedroom apartment in this new Barrat development on the Isle of Dogs. Accommodation comprises of two bedrooms, two bathrooms (one en suite), reception with view of river, kitchen, parking and portage.

OLD SUN WHARF, NARROW STREET, E14
Brand new apartment in this luxury riverside development in Limehouse. Accommodation is arranged over two floors and comprises of two double bedrooms, two bathrooms (one en suite), reception/dining room, kitchen, balcony with direct views, parking and portage.

EXECUTION DOCK, WAPPING, E1
A 3000 sq ft riverside penthouse with vaulted ceilings, maplewood flooring and south facing river views. The accommodation comprises 40 ft (max) reception, master bedroom (30 x 20), second bedrooms, two bathrooms, balcony, direct lift access, secure underground car parking.

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TOWER BRIDGE WHARF, ST KATHERINES WAY, E1
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ISLE OF DOGS, CLAYDON GARDENS, E14
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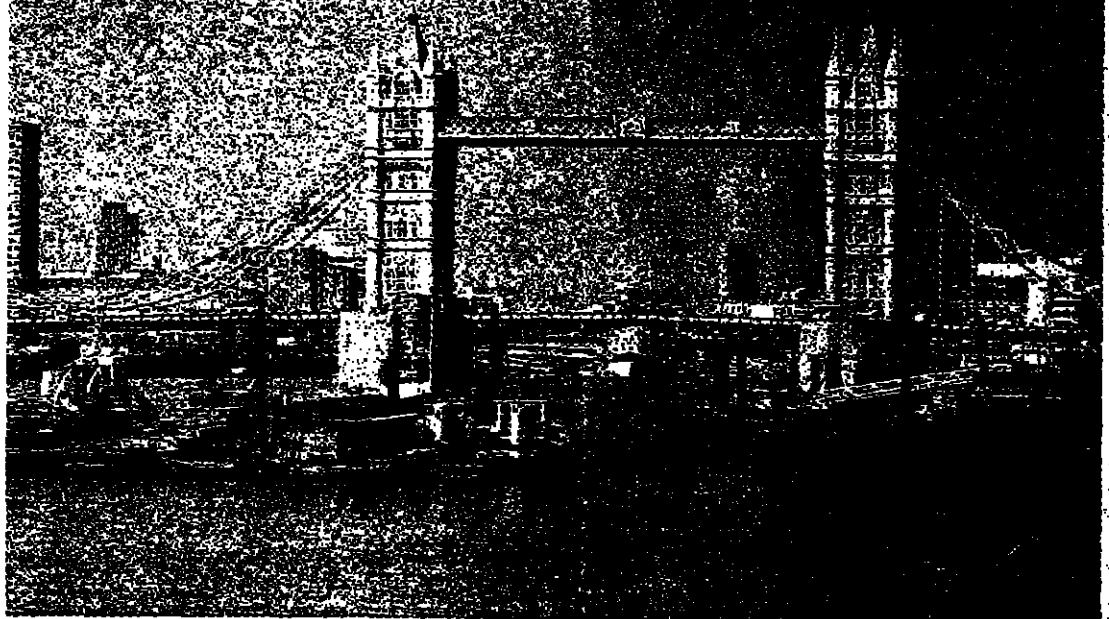
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Set in approx 18.7 acres of parkland grounds, with ornamental lake and high woodland, an extensive character residence in a secure and private setting. 4 no. rms, 10 let with 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TRAVEL

Surfing/Keith Wheatley

Stand up and ride the wave

The free ride is the biggest lie in surfing," warned instructor Chris Melling, as we finished our onshore introduction to Hawaii's contribution to world culture. "There is no sport you will have tried that demands more physical input from your body. Your muscles will be screaming by the end of the day."

Preme on our surfboards as they lay on the burnished sand of Fistril Beach, practising on dry land the "jump-up" manoeuvre that would so soon defeat us in the water, his cautious words seemed hard to take seriously.

Out on the rolling surf black-clad demigods swooped and glided across the face of the waves as if they had achieved that timeless human goal of free energy. I was prepared to believe that they were more athletic, talented or balanced

than myself but not the prosaic truth that it was all the result of hard work.

Later, paddling my foam board out through breakers that now looked as big as houses, I knew Melling was right. My abdominal muscles shrieked from maintaining the curved body, head-up, position needed to see the way out to the "break".

This was the ninth or tenth trip in an hour. My shoulders ached with the equivalent of two or three miles of butterfly stroke.

Surfing is, so to speak, on the crest of a wave. In Britain every inland high street boasts at least one shop selling the baggy designer clothes and expensive "frog-eye" sunglasses that characterise the surf-side look. Newquay in Cornwall, for half a century the capital of British surfing, has at least 20 such retailers, with the total rising almost week by week.

Mark Potter, the owner of

the town's Offshore Surf School, says inquiries and bookings are up 40 per cent on last year. "There's a boom happening. Somehow surfing seems to be the most fashionable thing around," he said. Offshore is one of a dozen fiercely competitive surf schools around north Cornwall, although it benefits from having been running since 1980 and has the approval of the British Surfing Association.

Ashley Game, a London solicitor, and Richard Crossman, a GP from Brighton, are taking weekend courses given to them as Christmas presents by their wives. Both are keen on water sports but have never tried surfing before. They are fit, strong and unprepared - like me - for what happens in the water.

"Everything happens so fast and it feels so complex, despite having only one bit

of kit and one body to deal with," said Game, 31.

"When you catch a wave there's no time to think about anything." This is true but a pity, since there is a lot to master in those nanoseconds of speed.

In the beach lesson Melling has made it plain that our goal is to be standing on the boards by lunchtime. No catching a wave and lying prone.

"Bodyboarders are the lowest of the low," says our instructor with the scorn of the already proficient. He went to school in Newquay and was allowed to opt for the beach on Wednesday afternoons rather than rugby or cricket. He has surfed virtually every day for 17 years and still loves it.

In truth, how can anyone not secretly wish to be up there, arms outstretched gliding with the ease of a seagull. During a winter filming trip to the US I had picked up copy of an



The surf's up: let's go

Alison

unlikely best-seller called *Caught Inside: A Surfer's Year on the California Coast*.

Daniel Duane narrates his year dropping out from the white-collar concerns of early middle-age and living on the beach with a board, wetsuit and pick-up truck.

"Step a little forward to speed across the steep spots, drag a finger in the water just to believe it's really happening, and feel the light joy of effortless, combustion-free speed. Flop off the board with just a little more juice than when you started."

In practice it is easily as much fun as Duane says. Just a little harder to achieve. That single hop from prone to upright is the infuriating key to the whole business. Oddly enough, all of us beginners managed more standing rides (albeit short ones) in our first 30 minutes in the water than during the rest of the day.

"I think once your legs are cold that spring up is much harder to do," said Crossman as we piled into the Fistril Beach Hotel for lunch.

Ordering was easy. We simply asked for the hottest thing on the menu.

"The name of the game is to have fun. You want to come out of the water with a smile," said Potter as he helped a client into a wetsuit.

Offshore Surfing is at 6 Marcus Hill, Newquay, Cornwall TR7 1QY. Tel: 01637-577063. The British Surfing Association (01736-362250) can provide names of other registered schools.

The bay at Puerto Pollensa is around five miles wide, sheltered between two headlands curving towards each other like the horns of a Spanish fighting bull.

It is a perfect expanse of sailing water, staying calm even when the afternoon sea breeze checks in at 2pm with metronome regularity.

Yet suddenly the bay seems tiny. I am swaying on the end of the trapeze wire of a Laser 4000 dinghy, jib sheet in both hands and feet balanced precariously on the aluminium rack that extends 2ft out from the hull.

The azure sea is whizzing below. We are closing on the lighthouse marking the open end of the bay at more than 20 knots, the massive asymmetric spinnaker pulling us along with more power than a 30hp outboard motor.

"Yeees!" shouts Richard, helmsman and senior dinghy instructor just before another high-velocity Mediterranean shower hits him full in the face. I am hooked. One of the advantages of crewing rather than steering on this boat is that the trapeze lifts you up a couple of feet - above the line of fierce spray.

As the speed rises, every sheet and line powers up and the entire dinghy begins to hum. Our wake is a deep churning white furrow, the kind normally seen behind speedboats.

As the hull begins to plane, it rises out of the

water. We are literally balancing this on-edge monster on about 1 sq metre of boiling foam just ahead of the rudder.

All day we have been practising gybes and tacks in Laser singlehanded dinghies, demanding in terms of skill and fulfilling in terms of fun. This late afternoon blast in what I chose to call The Beast, however, is all about adrenalin not education.

It is a very strong part of the appeal of these holidays that sailors who may be a little old, a little rusty or a little inexperienced get the chance to spend a few hours on a high-performance

who was also enjoying it.

Next morning we are back at our Lasers; it is a little like the Tuesday return to work after a brief but blissful Bank Holiday.

Most mornings begin with a blackboard session under the shady pine trees behind the beach compound where the boats and windsurfers are kept. This is as far from the concrete and lager image of Majorca as it is possible to imagine.

The half-dozen or so in our group are all sailors with some degree of previous experience; no beginners and no experts. Paul is a Lincolnshire pharmacist who used

to club race Albacore dinghies before work and family commitments stole his time away.

Richard, his son, is a trainee obstetrician with a natural talent for sailing but little formal training.

The short one-lap races set up for us, complete with start line and compressed air hooter instead of a brass cannon, become six-minute canoes of competitive spirit and semi-amicable aggression.

We couldn't be more "up for it" at the helm of our 10ft dinghies if we were skippering in the America's Cup.

The beach at Puerto Pol-

lensa is beautifully unspoilt. Fortunately, when the inner man needs fortifying after a hard morning tacking and gybing, there is the delightful Café Llenaire, standing in admirably for the missing yacht club, complete with delicious bacon sandwiches.

This improbable but useful item of information comes from Geoff, the Sunworld mountain bike guide as we pedal away on an early evening ride to the sleepy inland town of Pollensa.

Sunworld decided to add mountain bikes to its equipment inventory on the sensible grounds that active sailors might occasionally like

to get off the water and see a little of the local area.

Geoff has explored the hill towns behind Bahia Pollensa extensively. His suggested routes and itineraries are excellent and almost as much fun as his travel anecdotes. With a companion he recently cycled from London to Vladivostok.

I find out next day that Geoff is also a qualified Royal Yachting Association instructor.

Sunworld has a reputation for being a benevolent, imaginative employer. If that is so, it perhaps explains why they have assembled such an outstanding bunch of young teachers on this Majorcan beach.

Keith Wheatley travelled to Puerto Pollensa as a guest of Sunworld Sailing, 120 St George's Road, Brighton, East Sussex BN2 1EA. Tel: 01273-626234, fax: 626255.

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Sailing/Keith Wheatley
An afternoon race with The Beast

machine capable of scaring the pants off them.

In spite of 30 years on the water I had never handled anything this powerful and unforgiving and it was marvellous to do it in the company of a young instructor

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Golf / Tim Dickson

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INTERNATIONAL ARTS GUIDE

What's on in the principal cities

AMSTERDAM

CONCERT
Concertgebouw Tel: 31-20-6718345
● Günther von Schwarzbach: by Holzbauer. Conducted by Ton Koopman, performed by the Radio Kamerorkest and Groot Omroepkoor. Soloists include soprano Cyndia Sieden and tenor John Aler; May 31

EXHIBITION
Van Gogh Museum Tel: 31-20-5705200
● Vienna 1900: Portrait and interior. Exhibition featuring paintings and applied arts from Vienna, spanning the years 1870-1918. Highlights include works by members of the Wiener Secession movement, and portraits by the Expressionist artists Egon Schiele and Oskar Kokoschka. The display also examines the work of the design institute Wiener Werkstätte, featuring furniture by Josef Hoffman, silver objects by Kolo Moser and designs for the Viennese Art Nouveau magazine "Ver Sacrum"; to Jun 15

FESTIVAL
Holland Festival Tel: 31-20-6276566
● Holland Festival 1997: this year celebrating its 50th anniversary, the festival opens with a double bill featuring a concert performance by the Russian Pokrovsky Ensemble of Stravinsky's *Les Noces* and the Orchestra of the Eighteenth Century performing Mendelssohn's music for *A Midsummer Night's Dream*, accompanied by actors performing selected texts from the play. Further highlights include new ballets by Mats Ek, performed by the Netherlands Dance Theatre, and Hans van Manen, danced by the National Ballet; from May 31 to Jun 30

BARCELONA

EXHIBITION
Fundació la Caixa Tel: 34-3-4588907
● Amelía Peláez, Frida Kahlo, Tarsila do Amaral: exhibition examining the roots of Modernism and contemporary art in South America through the work of the three female artists. 100 works on display establish the similarities and differences between the women, the contact they had with European movements and their exploration of their own cultural roots; to Jul 27
● Fotopres '97: display featuring entries to this year's photojournalism competition, covering six thematic areas: "Third World Realities", "Epidemics of Our Time", "Towards a New Order of World", "Transition in the Eastern Countries", "A Planet Under Threat From Man" and "Contemporary Rites of Happiness"; from May 23 to Jul 27

BASEL

EXHIBITION
Antikenmuseum Basel und Sammlung Ludwig Tel: 41-61-2712202
● Moments of Eternity - Egyptian Art in Swiss Private Collections: selection of Egyptian art from private Swiss collections. On display are a number of pieces, including gold-plated statuettes and mummy masks, dating from 400BC; to Jul 13

BERGEN

FESTIVAL
Bergen International Festival, Norway Tel: 47-65-312170
● Bergen International Festival: this year's festival features performances by the Norwegian Baroque Orchestra, the Nye Carte Blanche dance company, Les Musiciens du Louvre, Opera Comique and the pianist Lief Ove Anderson. Opening the festival is the Komische Opera, performing *Erzählungen* by Hoffman, with conductor Gino Chis. L.D. Soloists include Neil Wilson, Dagmar Schellenberger and Jürgen Freier; from May 21 to Jun 1

BERLIN

CONCERT
Komische Oper Tel: 49-30-202600
● Das Orchester der Komischen Oper, with conductor Yakov Kreizberg, viola-player Yuri Bashmet, baritone Andrzej Dobber and the Berliner Singakademie in works by Rachmaninov, Schnittke and Dvorák; May 29
● Konzerthaus Berlin Tel: 49-30-203090
● Berliner Sinfonie-Orchester: with conductor Vladimir Fedoseyev and violinist Joshua Bell in works by Mendelssohn, Bruch and Scriabin; May 29, 30, 31

EXHIBITION
Museum für Ostasiatische Kunst Tel: 49-30-8301382
● Haiga und Haiku: display of selected sketches and poems by Takebe Sôchô from the collection of Shôzaburô Masuda. Tokyo; from May 30 to Jul 20

OPERA
Staatsoper Unter den Linden Tel: 49-30-20354438
● Cavalleria Rusticana: by Mascagni. Conducted by Simone Young. Soloists include Uta Friew, Johan Botha and Dennis O'Neill. The programme also features a performance of *I Pagliacci* by Leoncavallo; May 25, 28, 31

BILBAO

EXHIBITION
Museum de Bellas Artes Tel: 34-4-4419536
● Del vedutismo a las primeras vanguardias: display featuring 40 paintings and four sculptures from the collection of Baroness Carmen Thyssen-Bornemisza, including works by Canaletto, van Gogh, Picasso,



'Eduard Korneick', 1910, by Egon Schiele, one of several Expressionist portraits on display in the 'Vienna 1900' exhibition at the Van Gogh Museum, Amsterdam

Kirchner and Kandinsky; to Jun 30

BIRMINGHAM

CONCERT
Symphony Hall Tel: 44-121-2002000
● Midori: performance by the violinist, accompanied by the pianist Robert McDonald. The programme includes works by Mozart, Elgar, Franck and Kreisler; May 28

BRUSSELS

CONCERT
Palais des Beaux-Arts Tel: 32-2-5078200
● Orchestre Philharmonique de Liège: with conductor Pierre Bartholomé and violinist Vadim Repin in works by Beethoven, Ravel, Dukas and Saint-Saëns; May 28
● Théâtre Royal de la Monnaie Tel: 32-2-2291200
● Peter Schöner: performance by the tenor, accompanied by the pianist Karl Engel. The programme includes works by Schubert and Brahms; May 25

POP MUSIC
Forest National Tel: 32-2-3402211
● Jean-Michel Jarré: performance by the French rock musician; May 31

EXHIBITION
Cabinet des Estampes, Bibliothèque Tel: 32-2-5185311
● Jacques Ochs (1893-1971): display of works by the satirical cartoonist covering 50 years of Belgian and world history, from the Belle Epoque up to the years immediately following the second world war, an event which had enormous bearings on Ochs' work; to May 24
● Musées royaux des Beaux-Arts de Belgique - Musée d'Art Ancien Tel: 32-2-5083211
● Paul Delvaux: thematically organised retrospective devoted to the work of the Belgian artist featuring approximately 120 paintings and 130 works on paper from international collections. Also on display are a number of letters, photographs, souvenirs and other documents, including 21 of Delvaux's sketch books; to Jul 27

CANBERRA

EXHIBITION
National Gallery of Australia Tel: 61-6-240-6411
● Jasper Johns: Prints 1968-1980: display of prints by the American pop artist famous for his paintings and sculptures that provided twists on representations of everyday objects including flags, signs and beer cans; to Jul 13

CHICAGO

EXHIBITION
Art Institute of Chicago Tel: 1-312-4433600
● Michelangelo and His Influence: Drawings from Windsor Castle. Exhibition examining examples of Michelangelo's craftsmanship with the aim of demonstrating the impact of the artist on his contemporaries and successors; to Jun 22

COLOGNE

EXHIBITION
Museum für Ostasiatische Kunst Tel: 49-221-9405180
● Reisewege - Reiseziele. Unterwegs im Alten Japan: exhibition examining the history of Japanese people as travellers abroad. From as early as the 17th century Japanese citizens travelled on official missions, on business, or simply for leisure; to Jul 13

FESTIVAL
Musik Triennale Köln Tel: 49-221-9257160
● Musik Triennale Köln: the 1997 Triennale includes appearances by the Berlin Philharmonic Orchestra

conducted by Claudio Abbado, the City of Birmingham Symphony Orchestra conducted by Sir Simon Rattle and the Chicago Symphony Orchestra conducted by Daniel Barenboim. The opening concert is by the Kölner Rundfunk Sinfonie Orchester, with conductor André Previn in works by Mozart, Elgar, Franck and Kreisler; May 28

COPENHAGEN

DANCE
Det Kongelige Teater - The Royal Theatre Tel: 45-33 69 69 69
● Cupid & Psyche: choreographed by Kim Brandstrup to music by Helweg, performed by the Royal Danish Ballet; May 26, 28, 29, 31

EXHIBITION
Louisiana Museum of Modern Art, Humlebæk Tel: 45-49 19 07 19
● Sunshin and Noir: Art in Los Angeles 1960-1997: large-scale exhibition featuring the work of 50 artists from or based in Los Angeles, including David Hockney, Edward Kienholz, Paul McCarthy, Bruce Nauman and Catherine Opie; to Sep 7

DUBLIN

AUCTION
Bonhams Tel: 353-1 676 0261
● Irish Paintings: highlights include works by Jack Butler Yeats, Paul Henry and W. F. Osborne; May 28

CONCERT
National Concert Hall Tel: 353-1-6711888
● Orchestra of St. Cecilia: with conductor Adrian Faghey, soprano Kathryn Smith and baritone Damian Smith in works by Strauss and Szymanek; May 29

DUSSELDORF

EXHIBITION
Kunsthalle Düsseldorf Tel: 49-211-8996240
● Heinrich Heine: exhibition that places works by the German poet in the context of artistic practices and trends during his lifetime; to Jul 20

FRANKFURT

CONCERT
Alte Oper Tel: 49-69-1340400
● Krakow Philharmonic Orchestra: with conductor Carlo Palleschi and soprano Celestina Casapina in works by Verdi, Puccini and Rossini; May 31

EXHIBITION
Schirn Kunsthalle Tel: 49-69-2998820
● Sammlung Aargauer Kunsthaus Aarau: display of 134 works by Swiss artists, from the time of the Enlightenment to the present day. Artists represented include Böcklin, Klee, and Vallotton; to Jun 1

GENOA

CONCERT
Teatro Carlo Felice Tel: 39-10-589329
● Orchestra del Teatro Comunale dell'Opera, Carlo Felice: with conductor Alexander Lazarev, pianist Rudolf Buchbinder and mezzo-soprano Ludmila Shermchuk in works by Brahms and Prokofiev; May 29, 30

EXHIBITION
Palazzo Ducale Tel: 39-10-562440
● Le Meraviglie del Primi Ugur: display of nearly 200 cave paintings recently excavated in the valleys of Merangie and Fontanaiba and dating from 3700 to 4300 years ago; to Jun 8

GLASGOW

EXHIBITION
The Burrell Collection Tel: 44-141-3311854
● Europe in India - Moghul Paintings and other European Prototypes: exhibition on loan from the British Museum featuring a number of Indian

paintings, primarily of the Moghul school of the 15-18th centuries; to Aug 31

HAMBURG

EXHIBITION
Museum für Kunst und Gewerbe Tel: 49-40-24862732
● Alphonse Mucha - Triumph des Jugendstils: display featuring over 230 lithographs, drawings, sculptures and photographs by the Czech-born graphic artist and designer. Mucha's posters and ceramic tableaux made him very popular at the turn of the century; to Jul 27

HONG KONG

AUCTION
Sotheby's Ltd. Tel: 852-25248121
● Important Jadeite Jewellery: sale comprising 320 lots, with highlights including a gold and jade cigarette holder, originating from 1920s Shanghai; May 30

LEIPZIG

CONCERT
Gewandhaus zu Leipzig Tel: 49-341-12700
● Gewandhausorchester: with conductor Marek Janowski, clarinetist Peter Schunrock and viola-player Diemer Hellmann in works by Reger, Bruch, Respighi and Ravel; May 29, 30

LISBON

CONCERT
Grande Auditório da Fundação Gulbenkian Tel: 351-1-7935131
● Shlomo Mintz, Matt Haimovitz and Itamar Golan: the violinist, cellist and pianist perform works by Beethoven; May 27

LIVERPOOL

EXHIBITION
Walker Art Gallery Tel: 44-151-2070001
● Sir Lawrence Alma-Tadema: exhibition of work by the painter who was born in the Netherlands, but settled in London in 1870, quickly gaining popularity for his idealised, but accurately detailed and colourful scenes of Greek and Roman life. The exhibition features some 70 paintings, a selection of watercolours and a display of photographs; to Jun 8

LONDON

CONCERT
Barbican Hall Tel: 44-171-6384141
● Midori: performance by the violinist accompanied by the pianist Robert McDonald. The programme includes works by Schubert, Enescu, Franck and Kreisler; May 31
Wigmore Hall Tel: 44-171-9352141
● Anne Sofie von Otter: performance by the mezzo-soprano, accompanied by the violinists Ulf Forsberg and Kjell Lysell, viola-player Veronica von Steinaecker, cellist Mats Lidström and pianist Bengt Forsberg. The programme features works by Korngold; May 29

DANCE
The Place Theatre Tel: 44-171-3801268
● Faze: choreographed by Anne Teresa de Keersmaeker to music by Reich; performed by Rosas. Part of the 1997 Turning World contemporary dance festival; May 31; Jun 1

EXHIBITION
National Portrait Gallery Tel: 44-171-3060055
● August Sander: major retrospective exhibition of the work of the German photographer. Sander recorded rural and urban society in Germany both before and after the First World War. The selection of 200 photographs on display, drawn from Sander's own collection, includes a high proportion of previously unseen images; to Jun 8

Vesselin Kasarova and Maria Costanza Nocentini; May 30

MUNICH

EXHIBITION
Haus der Kunst Tel: 49-89-211270
● Michail Wrubel und der russische Jugendstil: the first display of work by this key figure in Russian Symbolism to be held in the west features more than 30 oil paintings, 150 works on paper, 20 ceramics and a group of sculptures; to Jul 30

OPERA
Cuvillés-Theater - Altes Residenztheater Tel: 49-89-296836
● Die Walküre: by Wagner. Conducted by Peter Schneider and performed by the Bayerische Staatsoper. Soloists include Nadine Secunde, Gabriele Schnaut and Felicity Palmer; from May 25 to Jun 1

NEW YORK

CONCERT
Avery Fisher Hall Tel: 1-212-875-5030
● New York Philharmonic: with conductor Kurt Masur and cellist Carter Brey in works by Respighi, Hindemith and Tchaikovsky; May 29, 30, 31

EXHIBITION
Whitney Museum of American Art Tel: 1-212-570-3600
● The 1997 Biennial Exhibition: the 1997 Biennial is the 69th in the series of Biennial exhibitions, first established by museum founder Gertrude Vanderbilt Whitney in 1932. The Biennial is the Whitney's signature exhibition and focuses on the most important developments in recent American art; to Jun 22

OSLO

CONCERT
Oslo Konserthus Tel: 47-22-833200
● Oslo Filharmoniske Orkester: with conductor Herbert Blomstedt in works by Mozart and Strauss; May 29, 30

PARIS

CONCERT
L'Opéra de Paris Bastille Tel: 33-1 44 73 13 99
● Orchestre de l'Opéra National de Paris: with conductor Georges Prêtre in works by Respighi, Roussel and Ravel; May 29

EXHIBITION
Centre Georges Pompidou Tel: 33-1-44 78 12 33
● Fernand Léger (1881 - 1955): retrospective featuring 220 works by the French painter who developed his art from early Neo-Impressionist and Futurist beginnings to a much-admired form of Cubism that used bold colour areas that were to have a major influence on the works of Mondrian; from May 29 to Sep 29
● La gourmandise: exhibition featuring works from the collection of the Musée National d'Art and the Centre de Création Industrielle. Featured artists include Lichtenstein, Doléau, Brassi and Wapet; from May 29 to Jun 30

ROME

CONCERT
Accademia Nazionale di Santa Cecilia Tel: 39-6-3611064
● Orchestra dell'Accademia di Santa Cecilia: with conductor Valery Gergiev and violinist Yuri Bashmet in works by Berlioz and Scriabin; May 25, 26, 27

SAN FRANCISCO

EXHIBITION
M.H. De Young Memorial Museum Tel: 1-415-750-3800
● Life and Afterlife in Ancient Peru: Treasures from The Museo Arqueológico Rafael Larco Herrera: exhibition featuring 200 pre-Hispanic Peruvian art works from the collection housed in Lima's Museo Arqueológico Rafael Larco Herrera and covering a 3,000-year period before the 1532 Spanish conquest. The display includes ceramics from the country's south coast cultures such as Nazca and a selection of gold and silver regalia used by the aristocrats of the pre-Inca world; to Aug 10

STUTTGART

EXHIBITION
Staatgalerie Stuttgart Tel: 49-711-2124050
● Mapplethorpe: retrospective exhibition of work by the American photographer whose portrait work and nude studies address issues of sexuality; from May 31 to Sep 7

TOKYO

CONCERT
Kioi Hall Tel: 81-3-32370061
● Alban Berg Quartett: works by Schubert; May 29

TORONTO

EXHIBITION
Art Gallery of Ontario Tel: 1-416-979-6648
● Whistler and His Circle: Etchings and Lithographs from the Collection of the Art Gallery of Ontario: exhibition featuring 45 prints by James McNeill Whistler (1834-1903) and 25 by the circle of artists that surrounded him, including Walter Richard Sickert, Joseph Pennell and Clarence Gagnon; to Jul 6

VIENNA

OPERA
Wiener Staatsoper Tel: 43-1-51444298
● Oedipus: by Enescu. Conducted by Michael Glerner; May 29

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Weekend Investor

Wall Street

End game for Fidelity's Kasparovs

Deep Blue mirrors titanic struggles among money managers, says John Authers

The drama captivated America. The robotic and merciless logic of a computer finally defeated the arrogant and erratic genius of an erratic young human being.

World chess champion Garry Kasparov's defeat at the hands of IBM's Deep Blue computer is established in folk history and mirrors the titanic struggle in the US fund management industry. Over the last year, the nation has watched aghast as the brilliant young men of Fidelity Investments, the world's biggest money manager with more than half a trillion dollars under management, have seen their performance titles stripped away by firms which use robotically precise quantitative techniques. Passive index tracker funds, fully invested in big blue chip companies, have comfortably out-performed them.

Fidelity's "fall" can be overdone as the company is still more than twice the size of its nearest competitor. But it has been invested with almost biblical proportions in the US press. And in the last month, the company has made its response, with a sweeping reshuffle which installs new managers in the company's key jobs.

Traditionally, Fidelity uses an army of analysts to research stocks, and then leaves the decisions on where to invest to portfolio managers, whose faces are on the prospectuses of the funds which they manage.

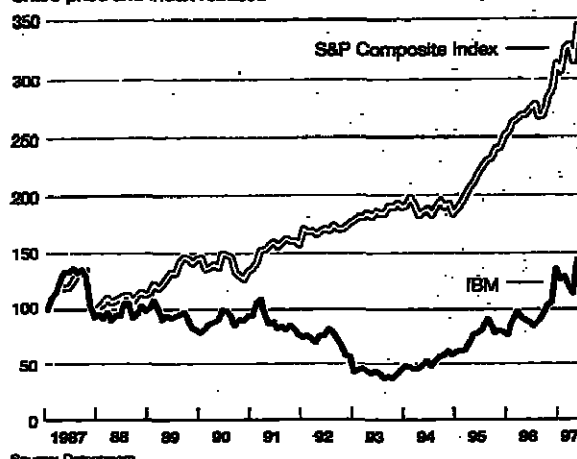
These managers have been given sweeping discretion, even, in the fabled case of its gargantuan Magellan fund, which manages more than \$50bn, to the extent of allowing its former manager, Jeffrey Vinik, to make a huge and ultimately unsuccessful bet on bonds, an incident which has bedevilled the company ever since.

Now Fidelity has a new head of its mutual funds division, Robert Posen. He is a lawyer by training, and has appointed three subordinates who will co-ordinate research and technological back-up for Fidelity's funds.

This was heralded in the US press as a throwing in of

IBM has swung back into favour

Share price and index rebased



the towel by Fidelity on its old investment style. And Posen admits that the company is changing its management to take account of its huge growth.

But it is plain that Fidelity is sticking to its philosophical gains. The latest changes are a modernisation, not a transformation. Portfolio managers will still have sweeping discretion, with some funds, including Magellan, retaining a "go anywhere" remit. Posen said: "We produce research for them, but ultimately it is up to the individual manager to pick on stocks he or she likes, and that person will be accountable for how their fund performs."

He also points out that the market of the last year has not provided the opportunities for Fidelity to out-perform: "If you are in a market where all you need to do is buy IBM and it goes up, you don't need a very powerful research organisation. When you have a more broadly based market, Fidelity's research and stock-picking skills will come through."

This has a strong element of truth. The rally of the last 12 months has been narrowly restricted to blue chips, and led most dramatically by IBM, whose successes have not been restricted to chess. This month its share price overtook its previous all-time high, set before the market crash of 1987. No wonder the index funds did well.

This week Robert Stansky,

who replaced Vinik in the Magellan hot seat, talked publicly about the fund. He is also sticking to the Fidelity approach.

Describing himself as "reasonably upbeat" about the strength of this year's corporate earnings, he said: "Over time, stock prices follow earnings and generation of cash flow, period. If the stock market takes a downturn and the prices of two-thirds of the market's stocks fall, that still means a third has risen. It's my job to find them." Is the market broadening the way Fidelity wants? This week's events looked promising. Blue chips continued to look strong, and received a fillip, although more muted than predicted, from the decision by the Fed not to raise interest rates.

But the most researched indices, the Dow Jones Industrials and the Nasdaq Composite, remained below their all-time highs.

The real action has moved to small companies. On Thursday, the Russell 2000, the main indicator for small-cap stocks, hit a new all-time high, its first since January, after a year of under-performance. Value stocks appear to be there. Now Fidelity's gang of investment Kasparovs have to find them.

Dow Jones Ind Average
Monday 7228.88 + 34.21
Tuesday 7303.46 + 74.58
Wednesday 7290.89 - 12.77
Thursday 7258.13 - 32.56
Friday

London

Strap in for a rough ride

Phillip Coggan gets ready for a turbulent time

Summer is here and it is time to go whitewater rafting on the great UK stock market theme ride. Avoid the US rate rise ambush where Alan Greenspan, Federal Reserve chairman, lets you get away scot-free. But don't relax. There are hidden currents everywhere and you still have to dodge past the Budget and the interest rate-increasing ambitions of the Bank of England. Strap yourself in.

Those who cannot stand the excitement may be tempted to follow the old stock market adage to "sell in May and go away". The market has gained 550 points since the start of the year and already has achieved, and bettered, most of the original end-1997 targets set by brokers' strategists. True, many have since raised their aim, but it is possible they have got carried away in the euphoria.

One broker who has refused resolutely to budge is Richard Jeffrey, Charterhouse group economist, who retains a (by now) almost doom-mongering end-year forecast of 4,000. "Although the economic environment still seems fairly benign, the markets are fast travelling towards the moment at which their nerve will be tested," he says.

"As the demutualising building societies and life assurance companies begin to drop cash on a population eager to spend, the supply chain in the economy will come under pressure and it seems inevitable inflationary pressure will increase."

"Against this backdrop, the gilt market will struggle to hold the gains made on the decision to grant the Bank of England independence in the setting of interest rates, and we believe that long yields will move back up towards 8 per cent. The equity market also is likely

to suffer as base rates are raised - slowly at first but more aggressively towards the year-end."

Evidence that the consumer sector is buoyant came from April's retail sales figures. While the month-on-month growth was a paltry 0.1 per cent, revisions to previous figures mean that annual growth jumped to 4.7 per cent, one of the highest increases since 1993.

Meanwhile, the Confederation of British Industry showed continued weakness in export orders. Such a two-tier economy means the ability to pick the right stocks might be more important than ever for the rest of the year.

It will now be possible to monitor the progress of value and growth stocks in the UK market through indices developed by FTSE International with Frank Russell, the asset consulting group. There are lots of argu-



Hidden currents - strap yourself in

ments about what is considered "value" investing; after all, who in their right mind would seek out stocks which are overvalued? But, by and large, value investors are looking for stocks which are cheap compared with the rest of the market, often because they have a lower price-earnings ratio or a higher dividend yield.

Growth investors are looking for stocks with impressive potential; the Microsofts and Glaxos of the future. Thus, they do not mind so much if they get a low dividend yield or pay a high p/e, provided they feel the potential for the company exceeds the rating the market has given the stock.

The new indices will compare the share price with the book, or asset, value of the stock.

One can argue about whether this is the most appropriate measure in a world where services have outstripped manufacturing, and where a company's worth is more likely to be measured in terms of brain-power than plant and equipment. But Russell thinks price-to-book is a good proxy for other measures which value investors might use.

One problem compilers did face is that many stocks do not fit obviously into the value or growth categories but are somewhere in between. Dividing the market rigidly in half, and saying that all stocks with a price-to-book ratio above a figure are "growth" while the rest are "value", would seem rather unreal. It also would mean that small price

movements would cause companies to flip between the two categories.

Instead, the compilers are using a weighting system which means that stocks in the middle of the valuation band will be included in both indices. A stock might have, say, a 60 per cent weighting in the growth index and 40 per cent in the value index.

Some stocks, however, will be all growth or all value; Airtours, for example, ranks firmly in the growth category while British Airways has a 100 per cent weight in the value category.

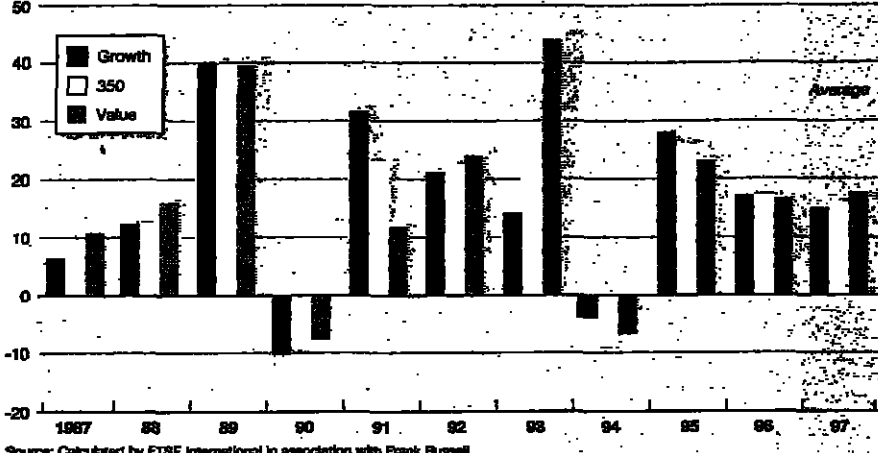
For private investors, there are two potentially interesting aspects to the new indices. The first is that they can judge how the investment styles work. Back-testing shows that investment gurus such as Ben Graham are right: value does outperform growth over the long term.

Over the past 10 years, value has beaten growth by an average of 2.2 per annum, with the biggest difference being in 1993. But the contest is not all one-way; in four of the 10 years, growth was the winner.

The second opportunity lies with the fund management industry. It should surely be possible for an index-tracking fund to come up with unit trusts based on the new indices so that investors with a growth or value bent can follow their inclinations without the bother of doing extensive research.

The value of the value approach

Growth and value indices annual returns (%)



Source: Calculated by FTSE International in association with Frank Russell

Highlights of the week

	Price	Change	52 week	52 week
	today	on week	High	Low
FTSE 100 Index	4661.8	-32.1	4683.9	3612.6
Barclays	1236 1/4	-46 1/4	1299	749
British Steel	152 1/4	-4 1/4	198 1/4	135 1/4
Cadbury Schweppes	553 1/2	+10	589 1/2	464
Celltech	347 1/2	-27 1/2	673	305
Centrica	65 1/4	+1 1/4	77 1/4	55
GKN	1007 1/2	-53	1188	907
Glaxo Wellcome	1191 1/2	-9 1/2	1297 1/2	818 1/2
LASMO	248 1/2	-8 1/2	282 1/2	170
Lorhol	144 1/2	+9 1/2	191	116 1/2
National Express	497 1/2	-20	581	440
Safeway	366	+7	430	314
Scotia Hodge	382 1/2	-37 1/2	780	350
Tesco	376	-18	399	273 1/2
Whitbread	812 1/2	-31 1/2	819	677

Barry Riley



Turning points in Tokyo

Is the decline in the dollar nearing danger point?

Something out there in the global markets does not quite add up. Why did Alan Greenspan, chairman of the US Federal Reserve, fall on Tuesday to raise short-term dollar interest rates in the face of an impressive economic boom?

And why did the markets react so disappointingly to his decision to hold off? By Thursday, the US Treasury long bond yield was back up to 7 per cent.

Globally, the big story of the past few weeks has been the dollar's sharp fall against the yen. After climbing steadily for nearly two years from Y89 to Y127, a level reached on April 30, the dollar tumbled to a low of Y112.5 early this week.

This might have reflected the widely unnoticed fact that the formerly depressed Japanese economy has accelerated sharply. Are the markets being softened up for the long-awaited rise in Japan's short-term interest rate, pegged at an extraordinary 0.5 per cent since September 1995?

This is a dangerous game indeed. When Greenspan raised US rates from a rock bottom 3 per cent in February 1994, he exposed a sinister underworld of leveraged hedge funds and derivatives-crazy corporate and municipal treasurers - and treasury bonds crashed spectacularly.

The fear is that the cheap yen has similarly propped up an unhealthy bubble in the global markets, and the inevitable move to higher interest rates in

Japan will trigger another crisis. Rates have not gone up yet, but an 11 per cent fall in the dollar is even more damaging if you have borrowed yen to buy dollar securities and have geared up several times over. That the markets have held relatively steady could mean that the true scale of this so-called "yen-carry" trading has been exaggerated. On the other hand, time might be about to run out.

The fear is that the inevitable move to higher Japanese interest rates will trigger another crisis

The persistent weakness of the yen until this spring, during a period of burgeoning Japanese trade surpluses, has developed into a nagging political problem. Extreme monetary laxity has been required to patch and mend Japan's devastated financial system. The Americans, who went through a similar (though not quite so extreme) phase in the early 1990s, have some fellow feeling here.

But the external effects have been destabilising. Financially, the recycling of the Japanese surpluses into the dollar markets has helped to inflate the great Wall Street bull run with its "irrational exuberance" (according to Greenspan). As for physical trade, the Japanese car makers, for instance, have become super-competitive.

The biggest distortion of all has affected the Japanese bond market, where yields shrank to 2.1 per cent at one stage a few

weeks ago. To Japanese investors, these bonds seemed the only safe domestic assets with a yield that could be discerned without the aid of a magnifying glass; the Japanese have learnt the hard way that foreign investments are extremely risky, and those tempted in recent months by juicy foreign bond yields have once again been slammed by sudden currency losses of the

order of 10 per cent (although the yen has recovered a little from the worst).

There is no safety in Japanese bonds now, though. According to Richard Warner, chief economist of Jardine Fleming Securities in Tokyo, selling yen bonds short at present is a once-in-a-lifetime opportunity.

Already, the yield on 10-year bonds has risen to 2.6 per cent, and he targets 3 per cent by the end of June and 4 per cent by next March. That would amount to a savage bear market.

Warner is now confident that the Japanese economy (which expanded by 3.6 per cent in 1996) will continue to sustain robust growth in the 2.5 to 3.5 per cent range. If so, the Bank of Japan must be preparing for a big shift in monetary policy.

Meanwhile, Greenspan's Fed appears to have collaborated in weakening the dollar during the past month by pumping liquidity

into the US economy. The threat of higher dollar interest has been illusory.

Boosting US liquidity, however, involves a risk of once again waving red flags at Wall Street's bull market. On the other hand, the retreat of Japanese money, and the unwinding of yen-financed speculation, must cause a rise in dollar bond yields and threaten the increasingly narrow and distorted bull market in Wall Street's blue chip stocks. We must watch this very closely. In the US, after all, bonds and stocks move quite closely together.

Japan, though, is the only leading country where they tend to move in opposite directions. So, while holders of Japanese bonds stand on the edge of a precipice, fund managers around the world, who are looking keenly for the next bullish story after Wall Street and Europe, are targeting Tokyo.

This week, however, the rally in the yen has triggered profit-taking in the stocks of the big Japanese exporters which have enjoyed their own private bull market in Tokyo during the past year.

And risks in the financial sector could temporarily rise even higher if losses mount on bonds and the authorities become confident enough in the general economic recovery to pull the plug on a few more of the insolvent banks and life insurance companies.

But it might not be just in Tokyo that the ride gets a little bumpy.

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Offshore managed funds and UK managed funds are listed in Section One

FT WEEKEND

True Fiction

On the trail of purple cats and dogs

Michael Thompson-Noel finds out why Darcy, coolhunter extraordinaire, has traded in his fashion boots

Cool is temporarily out of favour. It is uncool. There are so many wannabes going around, attempting to pass for cool, that those who really are cool are sulking in their tents. In Notting Hill, London's coolest neighbourhood, we are all sulking in our tents, for the place has become pestiferous with tourists clomping round, exclaiming "Cool, dude!" or "That's cool!", and attempting to catch sight of the people who live there. In fact, most of Notting Hill's celebs are away at present. They're playing tennis in Morocco.

The last time I played tennis in Casablanca I injured myself alarmingly. Tore an important muscle. It sounded like a rifle shot. I was on crutches for 17 weeks. So I've avoided Morocco this year. To cheer me up, Darcy, my dealer, called me this week. Darcy deals in geraniums - a sideline to his former occupation as a coolhunter for some of the world's hottest apparel and footwear corporations.

Darcy used to be paid a for-

ture to tell footwear and clothing designers in London, Paris and New York what was cool. It's called coolhunting. It was explained in an article in the New Yorker only the other day. What everyone wants these days, said the Yorker, is a window on the world of the street. Once, when fashion trends were set by the big couture houses, cool was a trickle-down affair, said Yorker writer Malcolm Gladwell. "But sometime in the past few decades things got turned over, and fashion became trickle-up. It's now about chase and flight - designers and retailers and the mass consumer giving chase to the elusive prey of street cool." The rise of coolhunting as a profession, said Gladwell, showed how serious the chase had become.

The most highly paid coolhunters in Europe and America, such as Darcy, were shocked to see the mechanics of fashion coolhunting described so baldly in the Yorker. "That mag may be many things," says Darcy, "but one thing the Yorker ain't is cool. It's the antiwhatsit of the genre."

So Darcy has suspended his lucrative contracts with Nike, Adidas, Reebok, Hugo Boss, Versace, Calvin Klein and Ralph Lauren, who are having to decide for themselves, more or less, what is cool and uncool.

"Ethics, mate," said Darcy, when I asked him what he was doing now that he was no longer selling his advice to the world's big-name fashion companies. "Moral philosophy, whatever. I'm still a coolhunter as such."

But the time frame's been stretched. Different parameters, mate.

"Who are you working for?" I asked.

"The biggest trans- and supranationals. Can't say whom or what."

"Ethics? Moral philosophy? What are you talking about?"

He asked if I had heard of Freeman Dyson. "He's a scientist," said Darcy, "at the Institute for Advanced Study at Princeton, in America. Professor emeritus is it."

"I know," I said. "And Dyson's written a book, *Imagined Worlds*, that discusses technological developments over the next 10 years or so."

"Hold in one," said Darcy.

"Point being, says the prof, that mankind is confronted by various urgent questions. How will we stop the destruction of forests and the extinction of species? How will we curb unsustainable growth of human populations? How should we dispose of the tens of thousands of nuclear weapons still defiling our planet? Dyson says the answers to these questions will have more to do with ethics and politics than with science and technology."

"For instance, Dyson says the idea of improving the human race by artificial means is widely condemned today. There may be many good reasons for condemning enforced sterilisation and euthanasia, but, one way or the other - whether we like it or not - the artificial improvement of humans will come as soon as the

progress of biological understanding makes it possible.

"Dyson says 'human improvement, like abortion today, will be officially disapproved, legally discouraged, or forbidden, but widely practised. It will be seen by millions of citizens as a liberation from past constraints and injustices'."

"Hold on, Darcy," I said. "Let's backtrack to my original question. Where do you fit in? What sort of coolhunter are you engaged in?"

"Cats and dogs, Mike. Simple as that. Remember Dyson's claim that, thanks to genetic engineering, children may soon be able to design their own cats and dogs? Children will be able to order a cat or dog with pink and purple spots that can grow like a rooster, he says. At which point,

the really tough questions will arise. Once we're designing cats and dogs, how swiftly will we want to start designing human babies? What I'm studying is: levels of demand among street-wise Notty Hill consumers for pink and purple spotted cats and dogs. Just as a first step. A toe in the water, whatever."

"Found anybody who wants any pink and purple spotted cats and dogs, Darcy?"

"Hundreds, mate. The coolest Notty Hill consumers want cats and dogs like that *this very instant*. Frank Dyson's right: we need help with the ethics and we need it fast. Dyson says: 'The power of ethics must be exerted by the environmental movement and by concerned scientists, educators and entrepreneurs working together. If we are wise, we shall also enlist... the enduring power of religion'."

"Put it like this, Mike. Any day now, this street" - he scanned St Stephen's Gardens - "is going to be overrun by pink and purple spotted dogs and cats that grow like roosters. Do you want to deal? Red or white ones, baby?"

Arcadia

Wild, mysterious, murderous and exotic Essex

Real country can be found in Essex Man's domain, a county of stout crops and tough wildlife, argues Germaine Greer

I was never my ambition to live in Essex. People who want to shake the dust of London from their feet are unlikely to make a conscious decision to move to Essex. Essex is Dagenham and Barking, Thurrock, Stansted and the Thames Estuary.

But, though Essex may not sound like country, you are more likely to find real country people among the beet and beanfields of Essex Man than among the leafy lanes of more fashionable counties.

Though London has encroached many miles into the county, there are Essex people who have only visited the city once or twice and have no wish to repeat the experience. Rural Essex is a wild place, where mysterious, unexpected and occasionally ghastly things happen.

When we dug out the pond in my one-acre wood, we found a perfect sea-urchin fossilised. Across the road from my front door, deep in the cornfields there are the remains of a Roman temple. Where the London to Cambridge road puts out a branch toward Newmarket, a gibbet used to stand; until five years ago the crossroads was an important gathering place for gypsies from all over Britain.

All I knew about Saffron Walden was that in Shakespeare's day it was whither the Cambridge gownmen hid in search of Essex girls, whose reputation then was much the same as it is today.

Though we associate saffron with the Mediterranean, it is actually an ancient Essex crop, as garlic is too. The best garlic I have ever tasted grows easily and willingly on my Essex soil, so I can make exotic dishes such as green garlic omelette and caramelised garlic tart.

Globe artichokes also like our conditions: scant rainfall, more sun than anywhere north, south or west of us. And asparagus is native to the salt marshes of the

estuary. Though my garden is neither salt nor marsh, asparagus grows spectacularly for me - at this time of year every day is an asparagus cutting day. Though I cut everything from the short fat points de violettes to the lime-green prongs 2ft high, there is still more to cut the next day. I leave bundles of spears for the postman and the milkman, take baskets of them to the university to give away. The rest, hundred-weights of it, I steam lightly and freeze, so I can have the fresh sweet taste of spring in comforting midwinter soups.

At the end of May we will stop cutting and allow the asparagus

If we are
eat then I
have long
since
become an
Essex
vegetable

to grow on; by then we will be eating French beans and courgettes, baby carrots, real spinach and new potatoes, and berries and currants and cherries, so we won't miss it.

If we are what we eat then I have long since become an Essex vegetable.

People sometimes ask me what I do to my asparagus to get it so strong and succulent - in truth it is the toughness of the conditions that produces the stoutness in the plant. Essex produce is so flavoured because it is the fruit of adversity. If I were to move now to some more hospitable terrain I would miss the sweetness of my drought-grown vegetables, that ripen slowly in the ground, unlike anything you can buy in a supermarket. My potatoes are small and waxy,

because they are not regularly fed and watered in order to grow huge in the shortest possible time.

My basil and oregano are as tight and aromatic as their cousins in Greece and Spain, not limp and insipid like the stuff that grows rampant in steamy Dutch greenhouses.

A bowl of Cambridge gages from my struggling young tree can scent the whole house.

My three acres are rubbish soil, infested with thistles, nettles, ground elder, brambles and creeping buttercup, battered by winds from every quarter, rum-bustious south-westerlies that rip up the M11 corridor, blasts from the north and east so cold that the birds fall frozen from the sky. Every grass blade carries a load of poison, incessantly deposited by the motor traffic that fills the air with noise at all hours of the day and night, supplemented by regular deluges of agrochemicals.

Only an ignoramus would try to make an orchard in such an unsuitable place - after more than 10 years, my apple trees are barely worthy of the name. Their boles are scarred by the incisors of the resident rabbit horde, directly descended from the ones the Romans brought to Chesterford, that lurk in ancient warrens too deep ever to be cleared by ferret, gas or poison, though God knows we try.

Then there are the rats. A few days ago I found the flattened body of a rat in the mud by the gullies' foot. I did not understand how it had met its death until I saw Rex, the head gander, attacking a rook that had flown into the gullies' house. By the time I reached it the rook was too dead to move. Because rooks had been spearing all the new goose eggs and eating the yolks, I made no attempt to save it, but cracked its skull on the doorjamb and hung the body up over the brood boxes as I had been told to do, to keep the other rooks away. This morning I put



my hand into the warm straw and felt eight new eggs, all whole.

At in Arcadia ago. The countryside is everywhere a scene of carnage, but the struggle for life on my rough patch is more desperate than elsewhere in the British Isles. When I complained to the

bee-keeper that his bees were unusually aggressive he said, "course they're aggressive. This isn't Devon, y'know. Pansy bees would never survive."

If I look out of my workroom window and see a weasel dancing by the goose pond, a week later I shall find him crushed on the

road verge or in a tractor rut in the field, or casually killed by a pet cat on its evening stroll. In February the roads are slippery with toad corpses; for every grown toad slipping through the grass in my wood, hundreds, perhaps thousands, will have lost their lives.

We have few hedgehogs nowadays. But we do have hares. And cownips. In snigger parts of Britain they are becoming rare, but here in Essex, on our bleak dry chalk grasslands, both hares and cownips flourish.

Essex may be rough but it is also magic.

Metropolis

A capital where the cats walk fast

There are stray dogs on every street corner in Bucharest. Anatol Lieven explains their problem

as Dristor, where I spent a fortnight for my sins, but even in the city centre, stray dogs are on every street corner. I've seen them asleep in the forecourt of the main government building, under the local imitation of the Arc de Triomphe, and even sometimes travelling on the metro. A whole extended family of them lives in winter on the verandah of the Premiera, the most famous luxury restaurant. They generally look pretty much in charge of their own fate if not of the city itself.

Now, a higher power has decided that they are a menace to public health, and still more, to the city's image. Liviu Harbuz, director of the city's animal control office, says: "I am a vet and have always loved dogs - but not on the street, hungry, sick and a danger to people's health. We're in Europe after all, we want to be members of Nato, and we can't even deal with our own dogs!"

The city government has accordingly stepped up its sterilisation campaign, and hopes to convince the population of the need for this with the partly voluntary help of Saatchi and Saatchi.

Bucharest began going to the dogs as a result of Communist modernisation and urbanisation; their presence on the streets is the work of Nicolae Ceausescu. First, the crash programme of industrialisation from the 1950s herded millions of peasants into Romania's cities and bleak housing projects such as Dristor. They brought with them some of their animals and their way of life.

In the words of a Bucharest banker: "Many of the features of this city are due to the fact that so many of its population are former peasants with no urban tradition. So they live as they used to in the village - and in a village, dogs are natural. So is mud, for that matter."

In the 1980s came Ceausescu's megalomaniac construction of the monstrous "Palace of the People", second largest public building in the world, and the colossal Avenue leading to it. This necessitated destroying a huge area of old Bucharest, sweeping away both ordinary dwellings and ancient monuments. Among the lesser victims of this were the dogs. When the old houses with their spacious enclosed yards were demolished, their inhabitants transferred to tiny flats in the grim high-rises of Dristor and other "modern" quarters, their dogs were left on the street. Like most people under Communism, they made the best of a bad job, enjoying what simple pleasures were left to them - and multiplied.

It would be quite wrong, however, to give the impression that Bucharest's streets are full of buggard and ferocious predators. Apart from their

numbers, the striking thing about Bucharest's dogs is actually how surprisingly well-fed and sleek many of them look. Many kindly human inhabitants of Bucharest feed them with whatever scraps they have to hand. Quite simply, Romanians are unusually fond of dogs.

A few sleepless nights in Dristor were enough to set me dreaming of much worse fates for the local choir than mere castration - after all turning them from beasts to shtetl isn't going to reduce the overall noise level in this generation. But an opinion poll last year in the newspaper *Evenimentul Zilei* revealed that 88 per cent of people agreed the dogs should be sterilised - only 11 per cent thought they should be killed.

Some of the dogs' Romanian sympathisers can go a little far, however. Local animal protection groups say that the sterilisation campaign is a cover for many

dogs being killed, and that the state should build numerous and proper refuges so that captured dogs could at least reciprocate from their operations in comfort, or live out their lives there.

And when I asked Ruxandra Niculescu, leader of a group called "White Fang", whether she really thought it was appropriate for the state to spend large sums on dogs' homes when services for humans are in such a dire state that a hospital recently announced it no longer had money to bury children who died there, she exploded. "All I ever hear is babies, babies, babies. Don't dogs have rights as well?"

The campaign to protect the dogs is supported by western animal rights campaigners - especially in France, and in the increasingly strange shape of Brigitte Bardot, who wrote to the Romanian President accusing his people of "cruelly murdering the dogs".

The attacks from France may

well seem the unkindest cut of all for the harassed city government. After all, it is not the whole point of its campaign to make Bucharest again the "Paris of Eastern Europe"? Harbuz says: "The reason western Europe doesn't have a problem on this scale is that the stray dogs there were all shot after the second world war, just as they were in Moscow recently."

As for me, I wish nothing but good to all the protagonists: for Harbuz, I wish he could have had letters from Brigitte Bardot 40 years ago. For the dogs, I wish them conjugal happiness - out of earshot. For the human inhabitants of Dristor, I wish better wages, housing, water, lighting, health services, roads, police, and rubbish collection. None of this unfortunately depends principally on the dogs. If their manhood has to be sacrificed on the altar of Bucharest's aspirations, so be it, but let's have some other urban improvements as well. As for what to do with the almost empty Palace of the People - do I hear a suggestion from Ruxandra Niculescu?